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# Current History

A WORLD AFFAIRS MONTHLY

FEBRUARY, 1978

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# Current History

FEBRUARY, 1978

VOL. 74, NO. 434

*How are the nations of Latin America reacting to the policies of the United States? How are they coping with the problems of unemployment, inflation, overpopulation and subversion? In this issue, specialists on Latin America evaluate conditions in six Latin American nations. Our introductory article analyzes the effects of the policies of the United States toward the nations south of its borders, concluding that: "As human rights violations are toned down (or are covered up more efficiently), no major controversies appear on the horizon; considering the demands placed on the United States by other parts of the world, the continuation of its policy of 'benign neglect' is thus not only prudent, but perhaps even in the best interest of all concerned."*

## U. S. Policy and Latin American Reaction

BY CARLOS A. ASTIZ

*Professor of Political Science, State University of New York at Albany*

THE victory of United States President Jimmy Carter in November, 1976, caught many Latin American political leaders and interested observers by surprise. On the conscious level, they were aware of the opinion surveys that forecast his electoral majority (although many of them still harbor doubts about the reliability of such predictive tools). Nonetheless, their deep-seated belief in the strengths of the incumbent (any incumbent) and their inability to "pin down" Jimmy Carter on issues relevant to them somehow interfered with the "objective" data.

Thus, after the election, a mad rush developed to obtain concrete and accurate information about the President through formal and informal channels. Publicly and privately, efforts were made to locate those who had been advising the President or were likely to do so. Newspapers and interested individuals sought those who claimed to be familiar with the Carter campaign, with Washington, or with United States scholars focusing on Latin America. The result seems to have been widespread speculation and very little substance. Some newspapers even pinned extreme ideological labels on individuals who were thought to be advising the new administration about the region. It was clear to the unbiased observer that informed Latin Americans seemed to be as much in the dark about the incoming administration as many Americans who had voted for Jimmy Carter.

It should be emphasized that the "public opinion" that is communicated in the countries of Latin America varies from one nation to the next, and that all of them differ from the wider articulation to which we are accustomed in the United States or some West European nations. The articulation of public opinion in the countries of Latin America is subject to several restrictive layers, which vary in intensity from country to country. Newspapers, magazines, radio and television in Mexico, to cite one example, have traditionally been subjected to self-censorship, with the clear understanding that deviations from the general framework of the ruling party's version of political reality will bring about drastic retribution. The case of the newspaper *Excelsior*, the only semi-independent source of information until the demise of its top editorial staff, provides evidence of the level of public opinion control.

In countries like Argentina, Uruguay and Chile, engaged in real or imaginary counter-guerrilla campaigns with tightly controlled mass media, the expression "human rights" has for some time been considered a code word for anti-regime sentiment. Since nearly all those whose human rights are being violated are officially termed "subversives," these and other Latin American regimes equate their position with evil, in what has been converted into a black-white dichotomy. Consequently, the United States concept of "public opinion" cannot be articulated or ascertained. What we are left with is the interested opinion of those who

are allowed access to the mass media on those subjects that can be treated publicly.

Another element that influences the relationship between the Carter administration and the Latin American countries is the latter's belief, developed during the administrations of Richard Nixon and Gerald Ford, that they cannot count on the United States government to provide long-term solutions to their problems. Most ruling elites of the Latin American countries find this a particularly distasteful realization. All they can hope for, they believe, is the goodwill that would permit the Latin American governments to strike their deals with bankers, arms sellers, potential investors, and international financial organizations. Thus they now perceive themselves simultaneously cooperating and competing with their neighbors to pursue developmental and security goals that were initiated and propelled by the United States government in the 1960's.

It should also be remembered that the countries of Latin America carry widely differing international "weight." Even if all other factors were discounted, one cannot equate the international roles of major regional powers like Mexico, Brazil, and Argentina with those mostly Central American and Caribbean nations, which exist because of historical accidents and the widespread decolonization process. Some specialists have questioned the latter's viability and their relevance beyond their borders. Thus, the consequences of disagreements with countries like Panama, Honduras, or Haiti, to mention just three examples, do not elicit the interest that similar disagreements with Brazil or Venezuela are likely to elicit.

## HUMAN RIGHTS

The United States interest in strengthening the respect for human rights throughout the world has been one of the major sources of controversy with Latin American nations large and small. Since the most obvious violations of these rights occur in countries faced by real or imaginary guerrilla activities, the United States has been critical of Argentina, Uruguay and Chile. It should be clearly understood, however, that the intensity of the disagreements between the United States and these countries at this time does not mean that, over time, their ruling elites have been worse than their neighbors with regard to these rights. To understand the occasional nature of massive violations of human rights in Latin America and the constant violation of such rights on a selective manner, it is necessary to review the nature of guerrilla and counter-guerrilla operations, particularly in the major metropolitan areas of the large countries of Latin America.

Powerful and long-lasting insurgency movements of the late 1960's and 1970's, at least in Latin America, have been urban based. The example of Fidel Castro and his small group of Cuban guerrillas, located in the

Sierra Maestra and progressively gaining peasant support until the collapse of the Fulgencio Batista dictatorship, has not been repeated. This is not the place to discuss the failure of its imitators, but the fact is that, by the late 1960's, nearly all those considering the possibility of overthrowing existing regimes through guerrilla warfare thought, first and foremost, in terms of urban subversion. In the major cities of Latin America, with millions of inhabitants, many of them living in shantytowns effectively outside the daily control of the police, the guerrillas felt they had a better chance of conserving their anonymity. Furthermore, nearly all of them were city dwellers. At the same time, their targets were, in most cases, city dwellers; government officials, senior military officers, wealthy investors and top managers are likely to be domiciled in the larger urban centers.

While the guerrillas, in Latin America and elsewhere, know their targets well, the counter-insurgency forces lack precise information about the individuals they are seeking. This situation, as United States forces learned in Vietnam, impels the security forces to what amounts to a shotgun approach: anyone who, in their judgment, might be a guerrilla is in principle considered to be one. Such an approach appears to have been effective, at least from the standpoint of the counter-insurgency forces. There is no doubt that extremely active guerrillas have been wiped out in Uruguay, that potential guerrillas did not develop in Chile after the overthrow of the Salvador Allende administration, and that major guerrilla organizations have been effectively decimated in Argentina. At the beginning of the decade, similar methods (although somewhat more selective) eliminated guerrilla activities in Brazil.

Such an approach, however, does away with due process, civilized criminal proceedings, personal freedom, and respect for the physical integrity of suspects. Without doubt, many individuals not involved in subversive activities are subject to the same iniquities and abuses supposedly reserved for the guerrillas. In other words, the shotgun approach presupposes massive, willful violations of human rights by essentially uncontrolled counter-insurgency forces. Those in power in countries threatened by insurgency maintain in moments of candor that their forces would be unable to identify and eliminate those engaging in subversion without these violations of human rights. For the record, they generally claim that, while occasional violations of human rights may occur, they are isolated deeds committed by low-level officials. Thus an official policy of respect for human rights is publicly proclaimed.

Consequently, the public disagreement between Latin American regimes faced with real or imaginary subversion and the United States has been focused on the occurrence and extent of human rights violations. Private exchanges appear to have dealt more with the

degree to which violations of human rights are national policy and the conditions under which such policy might be changed. The open disagreements do not appear to have led anywhere; public refusals to acknowledge a policy of widespread violation of human rights have been discounted by American supporters of respect for such rights and by the media of developed nations. Informed observers accept the fact that those Latin American governments accused of such violations are in fact guilty more or less as charged. Private pressures by the United States to encourage these same governments to alter their policies do not appear to have been very successful, although limited improvements can be claimed. Some students of the human rights issue do not know whether those improvements are the product of United States pressures or of a perception of the success of the counter-insurgency campaign. Whatever the ultimate reason, some improvements have occurred in Chile and Argentina, although the line between appearance and reality is not only thin but also vague. The United States is able to claim that it has won increasing respect for human rights, at least in certain Latin American countries, but the relatives of many of those who have "disappeared" are still unable to find them.

#### NUCLEAR PROLIFERATION

While the issue of human rights is a potential source of disagreement that does not take into account the size of the nations in conflict, the unrestricted availability of nuclear energy is a relevant issue only to those countries with realistic access to it. Such access can be gained either through internal expertise or through the purchase of nuclear technology. Since the countries of Latin America do not advertise their skills in this field, one is forced to rely on educated guesses and conventional wisdom. Such conventional wisdom indicates that Brazil and Argentina have developed a relatively advanced nuclear capability. Brazil, suffering from a serious energy deficit, has a number of nuclear power plants under construction. Argentina, not quite self-sufficient in energy, has one nuclear power plant in operation and others under construction. Both countries have indicated that they are not interested in producing nuclear weapons, but have intimated that they might possess the technological ability to produce them. Neither has fully subscribed to the regional or worldwide agreements that would prohibit the production of nuclear weapons, although both countries have indicated their intention to abide by them.

Prompted by balance of payments difficulties and by the search for prestige, Argentina has been trying to become an exporter of nuclear technology. During 1977, an agreement with Peru called for the construction of a nuclear reactor in order to get Peruvian nuclear research under way. As the Argentine press has emphasized, Argentina will be the first Latin American

exporter of nuclear technology. Brazil, apparently somewhat behind in terms of domestic technology, has contracted with the West German government to upgrade her technological base. This collaboration has been the subject of controversy between the United States and the parties involved, with the final outcome not yet decided.

The third country, not usually mentioned in this context, is Venezuela. It has neither the technology nor the energy shortages usually associated with the development of nuclear technology in mid-size nations. But Venezuela has the financial capacity, thanks to her oil revenues, either to purchase the technology outright or to attract scientists from other Latin American countries and elsewhere and thus to develop a local capability. The second option appears to be the more likely. Venezuela has already become a receiver in the international movement of scientists although not necessarily in the field of nuclear technology. Her petrodollars and her political stability under an essentially democratic regime make Venezuela an appealing destination for Latin American scientists whose ability to carry out research in their own countries is negatively affected by ideological controls or budgetary restrictions. Technical breakthroughs by other Latin American countries and the realization that oil reserves will eventually be exhausted may prod the Venezuelan leaders in this direction. At this time, however, they do not appear to have made a decision on this matter.

Absent from this discussion, perhaps to the surprise of some readers, is Mexico. At this time, her ruling elite has apparently made a conscientious decision to stay out of nuclear technology development. Mexico's reliance on the United States and her recent discovery of large reserves of oil and natural gas have reinforced the Mexican ruling elite's lack of interest in nuclear energy. Mexico's policy of maintaining a military establishment of very limited capabilities effectively rules out an interest in the strategic and tactical aspects of nuclear technology. Consequently, her leadership has had no difficulty in supporting the United States policy of nonproliferation. In fact, the Treaty of Tlatelolco, which establishes Latin America as a nuclear-free zone, was a product of Mexican initiative.

In Cuba, Premier Castro's regime has refused to subscribe to any agreement that limits Cuba's freedom of action in the nuclear field. Such position probably has little to do with the country's capability. If one remembers that the Soviet Union is as committed as the United States to nuclear nonproliferation and control, the policy of the Castro regime is likely to be prompted by its interest in creating "bargaining chips" for what are likely to be lengthy and detailed negotiations of its eventual rapprochement with the United States. Since Cuba does not possess domestic energy sources, she may also be keeping her options open with regard to the

eventual construction of nuclear power plants. However, the international agreements currently in existence do not foreclose the use of nuclear energy for peaceful objectives.

In conclusion, then, the nuclear nonproliferation policy pursued by the two superpowers is being challenged by Brazil and Argentina, has been rejected "for the record" by Cuba, and might be affected by decisions not yet made in Venezuela. Strong support for nonproliferation exists at this time in the rest of Latin America.

### TRADE AND AID

Regardless of public pronouncements, the Carter administration has apparently continued the policy of "benign neglect" of the nations south of the border that began under the two preceding Republican Presidents. What appears to have changed is the degree of acceptance of this policy by the Latin Americans. No member of a Latin American ruling elite will express satisfaction, but the policy has apparently been accepted everywhere; it clearly has not brought about traumatic changes. It should be pointed out, however, that a more appropriate name for United States policy would be "public benign neglect" on the part of the government. Private entrepreneurs in the United States have, in fact, made up for the government withdrawal, particularly by increasing their lending to Latin American governments and to private enterprises. The United States government has remained in the background as a "facilitator" of businesses conducted by American investors, multinational enterprises, and occasionally European and Japanese sources of capital.

This policy, in effect throughout the 1970's, has led to huge international debts on the part of most of the large and middle-size Latin American countries. While the exact foreign debt total of the governments and private enterprises of this region appears to be a matter of speculation, informed estimates place the combined debt of Argentina, Brazil, and Mexico at the level of \$60 billion. The size of the foreign debt is the consequence of a number of factors, among them domestic productivity, international price levels, the availability of markets, internal demand for imports and exchange rate policies. Regardless of the complexity of the issue, however, the coincidence between the United States policy of "benign neglect" and the dramatic increase in the foreign debt of the Latin American countries cannot be ignored.

Peru provides a good example of the problem; the country has been brought to the international equivalent of suspension of payments and is on the road toward bankruptcy. Lengthy negotiations with Peru's creditors and with the International Monetary Fund (IMF) during 1977 apparently led to drastic changes in Peru's economic policy under guidelines established by the IMF. Such changes were sine qua non conditions to

obtain the temporary loans needed to make up balance of payments deficits and the renewal of existing loans to avoid formal bankruptcy. The United States did not play a major direct role in these negotiations, but through its representative in the IMF and its contacts with United States creditors it went along with the solution. Whatever reformist and redistributive policies were put into practice by the Peruvian military regime will be significantly toned down by the guidelines imposed by the IMF and the foreign creditors.

The issue of international trade has not changed much in the 1970's. Most Latin American countries, prodded by their deficits in the balance of payments, continue to seek freer access to the United States market. To the extent that they have increased their level of industrialization, they have increased their overall chances by adding to the list of exportable items. The growing presence in some of these countries of multinational corporations with sizable operations in the United States has been one avenue of access; thus Volkswagen has been shipping to the United States some of the cars and parts it manufactures in Brazil. Latin American enterprises have moved aggressively into the United States market with products like wines, shoes and certain textiles. Their successes and the generally poor health of the American economy have increased protectionist tendencies in the United States.

The net result has been that the balance of trade between the United States and nearly all its Latin American neighbors continues to be favorable to the United States; it constitutes a major part of the balance of payments difficulties. The inability to gain wide access to the United States market has led many Latin American elites, both civilian and military, to consider a greater degree of detachment from the United States. Such detachment has occasionally been reflected in specific policy issues like the Arab-Israeli conflict. A growing number of Latin American countries have been supporting the Arabs at the United Nations and in other international organizations. However, by and large, the political and economic ties between the countries of the region and the United States continue to be the deciding factor; greater detachment, therefore, remains desirable but, for the time being, unfeasible.

(Continued on page 89)

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**Carlos A. Astiz** holds the rank of professor and chairman of the Department of Political Science, Graduate School of Public Affairs, State University of New York at Albany. His publications include *Pressure Groups and Power Elites in Peruvian Politics* (Ithaca: Cornell University Press, 1969), *Latin American International Politics* (Notre Dame: University of Notre Dame Press, 1969), and a number of articles, papers, and translations. During the first half of 1978 he is a research fellow in the program on Technology and International Affairs at Harvard University.

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*"In international affairs, Cuba will probably continue to maintain close ties with the Soviet Union despite her gradual rapprochement with the United States."*

# The Cuban Revolution: A New Orientation

BY ARCHIBALD R. M. RITTER

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THE Cuban Revolution, now approaching the beginning of its third decade, has undergone a significant reorientation and, perhaps, a change in direction in the 1970's. Major economic changes have been introduced, changes that affect the institutional structure of the economy, the basic development strategy, and the ways in which human energies are elicited for the tasks of the economy. In the political system, Fidel Castro's charismatic centralized orchestration is being complemented by institution-building, decentralization, and a type of popular participation in government affairs.

In her international relations, Cuba continues her cordial and intense relationship with the Soviet Union, and her relations with the United States appear to be headed towards gradual normalization. Cuba's military intervention in Angola, however, is unlikely to be an isolated non-recurrent phenomenon. Instead, it could represent the beginning of a new phase in Cuba's strategy for accelerating revolutionary liberation throughout the less-developed countries and for disseminating the Cuban vision of the good (Communist) society in the world at large.

The greatest achievement wrought by Cuba's Revolutionary Government has been the improvement in the material well-being of the bulk of the Cuban population and in the broadening access to opportunity. While detailed information on income distribution is not available, it is indisputable that in the early 1960's Cuba became one of the most egalitarian of all countries. This was achieved by means of the near-elimination of open unemployment and the poverty this engendered; the elimination via nationalization of high incomes derived from private ownership of natural and capital resources; an egalitarian allocation of public expenditures in areas like education, public health, housing and physical infrastructure; more egalitarian wage and salary structures; and the nature of the rationing system, which guaranteed to everyone a

bundle of basic necessities and which lessened the value of incomes in excess of the amount required to purchase this set of commodities.

Access to opportunity in Cuba has been broadened by expansion of the educational and public health systems, especially in rural areas where these systems had been inadequate before 1959. Access to education has become universal, and enrollment at the primary, secondary, technical and university levels has increased dramatically. Despite severe dislocations in the health system as a result of the emigration of doctors in 1959-1961, the public health service has become universally accessible (without charge) and has expanded outside the major urban centers. Discrimination against Afro-Cubans seems to have been virtually eliminated, and the economic position of the black population, which was disproportionately poor before 1959, has improved.

These accomplishments are of great importance in evaluating the Cuban experience. They contrast sharply with the record of serious unemployment, increasing concentration of incomes and continuing lack of access to opportunity in many other countries. They provide a strong substantive basis to the missionary zeal with which the revolutionary leadership has tried, by a variety of means, to disseminate the Cuban approach to solving the problems of poverty and underdevelopment. It is against these achievements that some Cuban shortcomings and problems must be weighed.

## THE PROBLEMS OF THE 1960'S

The difficulties encountered by the Cuban economy in the 1960's are now well known and can be summarized briefly. The trade embargo, the emigration of talented human resources, and the rapid and wide-ranging nationalizations all contributed to severe economic dislocations in the early 1960's, with lingering effects up to the present. But the excessive centralization in the economy (especially from 1968 to 1970, when accounting systems were abolished and enterprises neither paid

for their inputs nor received revenues for their outputs) generated pervasive economic inefficiencies. The excessive concentration on sugar production from 1966 to 1970 to try to achieve the 10-million-ton sugar target for 1970 imposed serious costs on most non-sugar sectors of agriculture and industry. And the heavy reliance upon "moral" incentives as means of mobilizing people's efforts for the tasks of the economy led to an incentive structure in which pro-developmental actions did not receive appropriate material rewards, so that "counter-developmental" actions (that did produce individual material rewards) became widespread. The symptoms of this pathological incentive structure were pervasive black-marketeering, serious absenteeism and low on-the-job productivity.

As a result, the Cuban economy experienced growing inefficiencies and worsening performance from 1966 to 1970 despite a record but under-target sugar harvest in 1970. Cuba's growth rate on a per capita basis was negative. The volume of material commodities available for the population shrank. Reliance upon the largesse of the Soviet Union intensified. In response to this situation, the revolutionary leadership commenced a reexamination of institutional arrangements in the economy, of the incentive structure, of the growth strategy and of the political system. This reexamination began in mid-1970 and continued into 1975. It resulted in enormous changes in the economic and political systems.

### THE ECONOMIC SYSTEM

The new "Economic Management System" adopted in 1975, which is to be installed by 1978, constitutes a move away from the unconventional system of the 1960's toward the more orthodox and time-tested institutional forms of some of the centrally planned economies of East Europe. The new system, however, is not simply an organizational blueprint transferred from another country and imposed on the Cuban economy. In contrast to the implantation in 1960-1962 of the rather inappropriate Czechoslovak variant of the Soviet model of the 1950's, the new system was inspired eclectically from a number of sources, has been carefully constructed and is being installed methodically.

There are two key features of the new system: the degree of decentralization and the attempt to "democratize" the system. In contrast to the extreme centralization of the late 1960's, when the whole economy was supposed to function as if it were a giant enterprise with virtually no internal accounting and little decision-making authority for plant managers, the new system allocates some power to productive enterprises. These powers include the control by the enterprise of a

proportion of its profits; the renting out or sale of unused assets; the production of some commodities from extra materials at the initiative of the enterprise. Enterprises are to be "financially responsible," being required to cover their costs with sales revenues, but with input and output prices and wages fixed by the planning authority. The difference between revenues and costs, i.e., "profits"—the term used by the Cubans—are then divided into taxes paid to the state budget; interest payments on loans and social security payments; an economic incentive fund for the enterprise for the provision of individual bonuses, of socio-cultural facilities, and of technical education; and contribution to the state budget of any profits still remaining. The economic incentive fund is determined not only by the level of profits, but also by under- or over-fulfillment of indicators like output quantity, quality and productivity.<sup>1</sup>

It has been proposed that *Organos de Poder Popular* (Organs of Popular Power—OPP), elected municipal and provincial assemblies, are to play an important role in the functioning of enterprises. These assemblies are to be responsible for enterprises oriented to the municipality or provinces, respectively. For example, municipal assemblies are to be responsible for enterprises like hotels, public utilities and municipal transport; provincial assemblies are to be responsible for enterprises like provincial wholesale trade and intercity transportation. The new national assembly is to be responsible for nationally oriented industries. (The OPP are discussed in more detail below.) Exactly what powers the local provincial and national assemblies will have in the economic administration is not yet clear. Nor is it clear how the economic administrative roles of the OPP will be meshed with those of the planning authorities, the enterprise managers, the Communist party and the unions—all of these having functions to perform in the new management system.

### GROWTH STRATEGY

The failure of the 1961-1963 growth strategy that emphasized instant industrialization and agricultural diversification largely at the expense of sugar prompted the shift to the sugar-centered strategy of 1964 to 1970, which was not successful either. Following this, a more balanced approach was adopted in 1971-1972, and is embodied in the 1976-1980 development strategy. This strategy emphasizes interlinked complexes of industrial and primary sector investment; a reasonably balanced set of foreign exchange-generating and import-substituting projects, and consumer goods-producing industries.<sup>2</sup>

Since 1971, there has been a shift towards material incentives. While still espousing the concept of the "new man" as an ultimate objective, Premier Fidel Castro recognizes that society cannot be structured on the assumption that people already behave in a

<sup>1</sup>*Granma Weekly Review* (Havana), January 30, 1977.

<sup>2</sup>See, for example, Fidel Castro, Report of the Central Committee of the Communist Party of Cuba to the First Congress, *Granma Weekly Review*, January 4, 1976, p. 8.

purely altruistic way, ignoring personal costs and benefits. The new ethic of income distribution is "to each according to his work," although Castro articulates this more tactfully and elegantly: "Society must do most for those who do most for society."<sup>3</sup>

In keeping with this ethic of income distribution, new structures of work norms and salary scales have been adopted. Consumer durables are distributed at work centers, partly on the basis of work performance criteria. A new system of worker identification and work performance recording has been initiated. Rationing by prices for some commodities has been introduced. Enterprise profits have also been introduced and can be used for individual and collective rewards. The volume of consumer commodities available for purchase has been increased so that a worker's interest in earning money in order to spend it will be intensified. Penalties have been established for habitual shirkers and "free riders," by means of an anti-loafing law. The effect of all these changes is to intensify the use of monetary and material rewards as means of activating people for the tasks of the economy.

### ECONOMIC PERFORMANCE IN THE 1970'S

The Cuban economy performed well in the first half of the 1970's. Agricultural and industrial production expanded rapidly from 1970 to 1975 and increased volumes of consumer goods became available.<sup>4</sup> In part, this was due to the changes initiated after 1970. But extraordinarily high sugar prices from 1973 to 1975 also contributed significantly as also did the shelter provided to Cuba by Soviet oil exports at prices below OPEC (Organization of Petroleum Exporting Countries) prices. The rapid increase in the production of goods and services was not achieved at the expense of employment objectives, nor is it likely that there has been any serious negative impact on the egalitarian pattern of income distribution achieved in the 1960's.

In the second half of the decade of the 1970's, lower sugar prices in the world market impaired Cuba's growth performance. The collapse of sugar prices in the world market from \$.65 per lb. in November, 1974,

to as low as \$.08 in late 1977 reduced Cuba's foreign exchange earnings, her volume of imports, and levels of macroeconomic activity.<sup>5</sup> This effect would have been more serious if Cuba had not been selling approximately half her sugar exports to the Soviet Union, which has been paying a price higher than the prevailing world price.

Cuba also was protected from the impact of higher oil prices for some years by her petroleum purchases from the Soviet Union. The Soviet Union has apparently priced its petroleum exports in any year on the basis of an average of the world price for the previous five years. This means that while Cuba received bargain oil in the years immediately after the OPEC action in 1973, by 1979 the Cubans will be paying approximately the OPEC price. Cuba is caught in the tightening grip of reduced sugar export prices and rising petroleum prices. The result has intensified her balance of payments difficulties in 1976 and 1977, with the prospect of a further deterioration in 1978 and 1979. This may be ameliorated slightly by the recently established International Sugar Agreement, which begins operation in January, 1978, and which should raise sugar prices to the minimum \$.11 (U.S.) per lb.

In response to balance of payments pressures, in 1976 and 1977 Cuba adopted a variety of austerity measures, including reduced rations of sugar and coffee (to permit increased exports); cutbacks and postponements in imports from hard-currency areas, and shifting imports away from the market economies towards the countries of East Europe. A reduced capacity to import capital equipment will probably impair Cuba's ability to fulfill the production targets of the 1976-1980 five year plan.

Cuba's macroeconomic experience of the 1970's illustrates a serious weakness of the Cuban economy, notably its continued dependence on sugar. Cuba has not yet been successful in diversifying the composition of her exports, and sugar continues to generate approximately 80 percent of her foreign exchange earnings. For a variety of reasons including the trade embargo, institutional biases favoring domestic markets, and Cuba's role as a primary producer in Comecon (the Council for Mutual Economic Assistance), few manufactured exports—aside from the traditional cigars and rum—have penetrated foreign markets. It is important for Cuba to expand non-traditional manufactured exports to reduce her dependence on sugar and to obtain industrial economies of scale.

### THE "ORGANS OF POPULAR POWER"

In the 1960's, the essence of political democracy in Cuba, as described by Ché Guevara, was the direct communication between the leadership and the people in the mass rallies:

At the great mass meetings, one can observe something like the dialogue of two tuning forks whose vibrations

<sup>3</sup>Fidel Castro, Speech of May 1, 1972, *Granma Weekly Review*, May 7, 1972.

<sup>4</sup>See C. Mesa-Lago "Present and Future of Cuba's Economy and International Economic Relations" in C. Mesa-Lago and C. Blasier, eds., *Cuba in the World Affairs* (Pittsburgh: University of Pittsburgh Press, 1978).

<sup>5</sup>Cuba's overall trade balance fell from +14 million pesos at current prices in 1974 to perhaps -520 in 1976. See National Bank of Cuba, *Development and Prospects of the Cuban Economy* (Havana, 1975), p. 30 and Economist Intelligence Unit (Annual Supplement, 1975), *Cuba, The Dominican Republic, Haiti and Puerto Rico*, 1977. To cover balance of trade deficits from 1975 to 1977 Cuba borrowed heavily from commercial banks and the governments of developed market economies. In 1976 C. Mesa-Lago estimated this debt as exceeding \$3 billion (U.S.) in *op. cit.*

summon forth new vibrations in each other. Fidel and the masses begin to vibrate in a dialogue of increasing intensity until it reaches an abrupt climax crowned by cries of struggle and victory.<sup>6</sup>

Guevara thought that this method of listening and responding to the "vibrations" of the population was useful, but he also saw that more structured political institutions were needed. Some such institutions existed, of course, in the 1960's, notably the Communist party and "mass organization" like the unions and the National Association of Small Farmers (ANAP). The mass organizations, however, operated mainly as transmission belts from top to bottom, transmitting orders, exhortation and discipline downward, representing the interests of the entire nation as perceived and defined by the revolutionary leadership. Their roles were not to aggregate, articulate or defend the sectional interests of their constituencies. Instead, they were arms of the state, designed to coopt and integrate people so that their behavior would further the national interest as seen by the leadership. The lack of democratic participation in the unions before 1969 was commented upon by many observers, including the American marxists L. Huberman and P. Sweezy.<sup>7</sup>

This role for the unions was implicit in a September, 1970, statement by Castro, announcing forthcoming union elections:

We are going to trust our workers and hold elections in all locals . . . right away. They will be absolutely free and the workers can choose the candidates. . . . If a worker has really been elected by a majority vote of all his comrades, he will have authority; he won't be a nobody who has been placed there by decree.<sup>8</sup>

Similar situations existed in other mass organizations. The party was, of course, a centrally controlled organ.

By mid-1970, the shortcomings of the "vibration" technique of elite-mass communication and integration were apparent to the leadership. With respect to the mass organizations, at least the unions, Castro came to the conclusion that democratization would permit the unleashing of the initiative and creativity of the workers instead of confining problem-solving activities to administrative and union appointees. Democratization of the civil organs of society was seen to be not only an end in itself but also a means of improving economic performance. The movement toward institutional structures proceeded with elections in the unions, with

mass discussions of new pieces of legislation and with the drafting and implementation of the constitution.

Cuba's new constitution was approved in December, 1975, by the First Congress of the Communist party and by a 97.7 percent majority in a popular referendum on February 15, 1976. (Cuba had been effectively without a constitution since 1959—or more accurately, since 1952.) The new constitution articulated the main social, political and economic principles of Cuban society; recognized freedom of expression, religion, the press, and association so long as these were in harmony with the objectives of socialist society; specified the rights and duties of citizens; and outlined a new institutional framework for the political system.<sup>9</sup>

The new political system consists of a three-tiered set of elected assemblies at the municipal, provincial and national levels. Direct elections determine the make-up of the municipal assemblies, which then select delegates to the provincial and national assemblies. On October 11, 1976, some 10,725 delegates were elected to the 169 municipal assemblies. These assemblies then elected 1,084 deputies to the provincial assemblies and 481 deputies to the National Assembly.<sup>10</sup> In the National Assembly, a Council of State was elected, consisting of Fidel Castro as President of the Council, Raúl Castro as First Vice President, five other Vice Presidents, a Secretary, and 23 members. The modes of operation and the responsibilities of the three levels of assemblies and of the Council of State were spelled out by the constitution.

It might be mentioned also that accompanying the formation of the new assemblies was an increase in the number of provinces. By separating metropolitan Havana from Havana Province and by subdividing some of the larger provinces, the total number of provinces was increased from six to fourteen.

#### THE NEW POLITICAL INSTITUTIONS: HOW DEMOCRATIC?

The formation of the OPP has been received with enthusiasm by some observers of the Cuban experience, who view it as an important move towards socialist democracy. In what sense and to what extent is the new system "democratic"?

To answer this question, one must provide a definition of "democracy" or democratic participation. The criterion employed here for democratic participation

(Continued on page 83)

<sup>6</sup>R. E. Bonachea and N. P. Valdes, eds., *Che: Selected Works of Ernesto Guevara* (Cambridge, Mass.: M.I.T. Press, 1969), p. 157.

<sup>7</sup>C. Huberman and P. Sweezy, *Socialism in Cuba* (New York: Monthly Review Press, 1969).

<sup>8</sup>F. Castro, Speech of September 2, 1970, *Granma Weekly Review*, September 20, 1970, p. 5.

<sup>9</sup>"Constitution of the Republic of Cuba," *Granma Weekly Review*, March 7, 1976.

<sup>10</sup>"Cuba: Su Institucionalización Histórica," *Cuba Internacional; Suplemento Especial*, 1976.

Archibald R. M. Ritter's publications include *The Economic Development of Revolutionary Cuba: Strategy and Performance* (New York: Praeger, 1974) and *Latin American Prospects for the 1970's: What Kinds of Revolutions?* (New York: Praeger, 1973), which was co-edited with David Pollock, Director of the Washington, D.C., office of the U.N. Economic Commission for Latin America.

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*"In Argentina, a highly sophisticated urban society, fortified by the populist governments of the postwar period, is trying to arrest the disruptive forces undermining its existence."*

## Revolt and Repression in Argentina

BY DAVID ROCK

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THE recent political disturbances in Argentina have developed from the tradition of guerrilla warfare and the resurgence of the left over large parts of Latin America during the past 10 years. The main difference between Argentina and most of the other countries is that the preeminently urban character of her society has given her struggle the internecine, fratricidal style of a Northern Ireland rather than Cuban Premier Fidel Castro's classic campaign style. The main venues of conflict have been the coastal cities of Buenos Aires, La Plata, Rosario, Bahía Blanca and the more distant Córdoba, for long the "Viper's Nest" of ungovernability. But elsewhere, particularly in the subtropical plantation economy of the northwestern province of Tucuman, the conflict resembles an abortive peasant revolution, of a kind which has many antecedents in Latin American tradition.

Throughout 1976 and 1977, the struggle was largely a series of small skirmishes between the rebels and the security forces, accompanied by a draconian and often indiscriminate wave of reprisals by the police and right-wing gangs. Those who recall her *belles époques* note sadly that Argentina has fallen under a sinister cloud of brutality and persecution. Yet participants in the struggle have appeared to be relatively few. They embraced an indeterminate, now almost extinct, group of rebel militants, including a large female contingent, so that family units frequently operated as rebel cells; and against them a conscript army and the police, supported by webs of informers and by terror squads. The bulk of the population, which only three or four years ago underwent a spasm of political activism, has remained aloof from the struggle because of exhaustion and recession. Neither side has been exempt from questionable stratagems in the course of the struggle. The left frequently strained the goodwill of benevolent neutrals, who might have supported an attempt at

radical change, by indulging in kidnapping, assassination and xenophobia. Its opponents converted terror into an instrument of government. In 1976 and 1977, there were almost daily reports of street disappearances; there were nocturnal police raids on households whose inhabitants had fallen under suspicion, the despoliation and robbery of personal effects, followed by detention without warrant or, at best, protracted hooded interrogations. There can be no doubt about the veracity of reports of torture and the sexual abuse of female prisoners among the hundreds of detainees in different parts of the country, nor about the fact that a substantial number of detainees were taken from the prisons and murdered, either as an act of intimidation or in reprisal for rebel actions.

These events were the harrowing climax to a now chronic and apparently insoluble social crisis, which exploded into violence in 1969 with mass insurrections and the growth of guerrilla groups. But as it developed in successive stages after 1969, the guerrilla movement in Argentina failed to establish unity, either in its leadership or in its doctrines. A minority, the People's Revolutionary Army (ERP), Trotskyite at root, was always more firmly grounded in the peasant lands of the northern interior or, ephemerally, among new working-class groups like the Córdoba auto workers than among the more populous and politically significant urban centers of the eastern coast.

The majority, by contrast, was more populist than Marxist. Between 1969 and 1972, a number of disparate currents, ranging from Catholic radicals to quasi-falangist groups, developed into the Montonero movement, adopting this designation out of a romantic sense of identification with the pastoral hill-rebels of the Andean west in the nineteenth century. Although the two segments of the guerrilla movement fraternized on occasion and participated in joint operations, they maintained separate identities. Essentially, they differed in their attitudes to the Peronist movement\* and its implications for a revolutionary society.

The ERP, in pursuit of a tradition with its origins in

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\*Founded by Juan Perón, President of Argentina from June 4, 1946, until he was deposed on September 22, 1955. Returning after 18 years in exile, Perón served as President again in 1973-1974.

the behavior of the Communist party at the end of World War II during the gestation of Peronism, remained intransigently anti-Peronist and internationalist, doggedly committed to a strategy of attrition inspired by the guerrilla wars of Southeast Asia. The Montoneros, on the other hand, formed a popular and nationalist movement that sought to identify itself with the anti-colonial struggles in Africa. Unlike the Marxists, the Montoneros foresaw the imminent possibility of taking power.

From the beginning, there were thus two revolutionary conceptions. The Marxist, based on the old colonial society of the interior, was continental in association, scope and inspiration. It perceived the eventual road to regeneration to lie in transcending balkanized national societies and, like the Bolsheviks in Russia, in establishing a subcontinental revolutionary society, perhaps eventually embracing the boundaries of the old Spanish and Portuguese American empires.

By contrast, the Montoneros were largely composed of groups in the east whose social roots generally went back no further than the development of the agrarian export society towards the end of the nineteenth century, far removed from any indigenous peasant tradition in the age of Spanish colonialism. Essentially, the Montoneros sought to refurbish the existing national state. Thus the Marxists declared a conventional commitment to the socialization of the means of production and exchange while the National Socialism of the Montoneros placed much greater emphasis on the expropriation of foreign companies and changes in the existing system of distribution. Perhaps the Marxists were "traitors to the fatherland," as their antagonists called them, but this was not true of the Montoneros, whose beliefs, despite Marxian anti-imperialist nomenclature, recalled the reformist, redistributive ideals of Peronism and its tradition of popular nationalism. Unlike the Marxist faction, which had difficulty attracting popular support outside the northwest, the Montoneros found considerable popular support in the diverse corporate entities of the urban society of the east.

The movement created by the Montoneros was composed of small factions from an amalgam of various working class groups whose basic components reflected the principal stages in the growth of the coastal urban economy. Their targets for revolutionary mobilization ranged from the often cosseted, Mafia-like trade-union aristocracy of Buenos Aires, an offspring of the Peronist movement of the 1940's, to the railwaymen and the port workers, who reflected the tradition of the agrarian export boom of the late nineteenth century. With no conspicuous success, they also tried to attract the new proletariat of the automobile factories in Córdoba, whose rank and file was composed of the former tenantry of the sub-pampas hinterland or the primitive creole peasantry of the arid extremities of the

Andean west and whose semiskilled level came from an articulate, formerly independent, local petty bourgeoisie. The Montoneros also tried to mobilize the deprived "little black faces," the allegedly illegal immigrants of Guaraní or Quechúa stock from neighboring Paraguay or Bolivia, who as often as not were the migrant remnants of an ancient mestizo peasantry in Argentina herself, condemned by the crisis in the industrial system to an impoverished existence in the penumbral zones of the cities.

More important, however, the Montonero movement had a pronounced middle-class character. It gathered recruits from the sons of the rich in areas like the northern suburbs of Buenos Aires, who were propelled to the barricades by a guilt-ridden perception of the extremes of social injustice in their society and by the pervasive atmosphere of moral stagnation and political collapse. The movement also won support from professional and administrative groups, from the young lawyers, accountants, medical practitioners and public employees whose careers and expectations were being daily undermined by the crisis in the economy. In some measure, the Montoneros won further endorsement from a middle class of industrial producers, who in the halcyon days of Peronism 30 years before had seen themselves destined to lead a pugnacious advance to industrial self-sufficiency and social affluence, but who had since been defeated by rudderless government, cumbrous bureaucracy and the implacable advance of powerful foreign rivals. Finally, many of the movement ideologues came from the universities—social scientists or teachers of architecture and psychology whose experience and activities equipped them to derive politically radical conclusions from their contacts with the human and social environment of the urban systems. Thus, when the Montonero movement was at its height, it focused not only on the trade unions but also on the universities and the secondary schools, the classic institutional arbiters of middle-class status and social mobility and, like the trade unions, vortices of political discontent.

#### POLITICAL REVIVAL

In 1972, at the height of this wave of popular agitation, the army under General Alejandro Lanusse abandoned the last vestiges of its 1966 austerity program. Hoping to shore up its position and to win a measure of public support in what had become a state of war against the guerrilla groups, it once more resorted to elections. The extremities of the situation, however, compelled Lanusse to free the Peronists from proscription, to enlist their support against the still largely amorphous forces of the new radicalism. Although Lanusse failed to win Peronist support for a coalition dominated by the army, his decision proved remarkably astute and successful.

The revival of the political parties, which had all been

proscribed at the advent to power of General Juan Carlos Onganía in 1966, immediately foreshortened the growth of an independent left. Opposition to the army, which had hitherto expressed itself in the growth of the guerrilla groups, in leftist trade unions and in the form of spontaneous insurrections, now began to pass through the filter of the political parties. The Peronists benefited most of all. As the radical groups shifted their attention to the elections scheduled for 1973, much of the energy which had previously been directed against the army was transformed into a factional struggle to dominate the Peronist movement. This left the army free to continue its endeavors to suppress the residues of the guerrilla movement, particularly the ERP, which had resisted Peronist cooptation. The effect of Lanusse's measures was thus to institutionalize the opposition and to refocus expectations on the populists. In 1972 and 1973, support for the Peronists grew in every sector of the population, and the Peronists attracted more than 60 percent of the electorate by October, 1973.

Thus prompted by Lanusse and encouraged by Juan Perón himself (who sensed a final vindication of his career after 18 years in exile after the coup d'état against him in 1955) the new radical groups found themselves shackled to a movement whose precise commitments and relationship to the army were difficult to determine. Henceforth, the questions were which of these various groups would prevail in the Peronist movement and what kind of relationship they would establish with the army. The army's position, as it had shown on repeated occasions since the 1950's, was based on its desire to establish a political settlement compatible with the economy's need for capital accumulation. In the military view, this could come only by restricting in some measure the income and consumption of the urban sectors. The Peronist movement, in contrast, although it also had support from urban producer interests, was essentially a coalition of the consumer and wage-earning sectors, which saw in Peronism a means of escape from the austerity program of the immediate past.

After elections in May, 1973, Lanusse ceded power to an elected Peronist government led by Hector Cámpora.<sup>1</sup> Under the impetus of the left-wing Peronists led by the Montoneros, many of whom were catapulted into office by the change of government, there was a headlong drive until July, 1973, to give effective content to the doctrine of "National Socialism." It was quickly apparent, however, that the reformists in the government, who turned their attentions to expropriating foreign companies and purging the army, were a considerable minority, outnumbered by those who swiftly exploited events to indulge in a patronage bonanza all too reminiscent of similar experiments in

the past. True, political prisoners were released from detention, and a concerted effort was made by the Montoneros to infiltrate the trade unions, the mass media and the universities. But no show of revolutionary fervor could disguise the fact that the new government was based on a segment of the middle-class intelligentsia that commanded only minority support in the Peronist movement at large. A much larger coalition quickly emerged, essentially of the center, composed of more progressive elements in the army, men of property mainly in the industrial federations and the bosses of the trade unions. With the support of these groups and with the threat of encouragement from the army, the drift towards radicalism was quickly halted by Perón himself. He withdrew his support from Hector Cámpora, who was forced to resign meekly. After hastily improvised new elections whose constitutional precedents were extremely dubious, Perón himself resumed office in October, 1973.

#### **RADICAL WEAKNESS**

The emergence of a government of the Center exposed the weakness of the radical movement. With Lanusse's assistance, Perón had successfully revived a multiclass populist coalition based, as in the 1940's, on the trade union bureaucracy. He also had the support of the army, which remained, despite its recent show of political disengagement, the final arbiter of political power. The brief administration of the Cámpora government revealed the lack of any real Socialist commitment in Argentina, despite the fact that politics was garnished in the language of dialectical materialism and pitched in the style of class struggle. After 1969, the springs of revolt were rooted in the conservative impulse to protect the existing corporate basis of urban society against the forces working for its destruction. Thus, when a potentially radical alternate presented itself, the majority was likely to reject it with the same vehemence with which it had dismissed the military government.

More than 60 percent of the electorate in 1973 had registered its preference for another attempt to confront the crisis by negotiation and consensus. With this massive support, Perón was soon able to turn his back on his own left wing, which found itself unable to reclaim its independence without abandoning its hope of winning popular support or exposing itself to the charge of opportunism for joining the Peronists. When he assumed the presidency, Perón thus appeared to enjoy a freedom of maneuver and an authority that had been denied to his immediate predecessors. Yet all the barriers to effective action remained; the return of Perón to power merely masked the persistence of intersectoral conflicts in a superficial spirit of goodwill. Perón's attempt to confront the central issue of accumulation and investment was the reissue of a policy he had used without success in 1954. It consisted

<sup>1</sup>See David Rock, "Argentina's Quest for Stability," *The World Today*, July, 1974.

principally of an incomes policy known as the Social Pact, which tended to favor the unions and consumption rather than investment by its enforcement of price controls as a means of curbing inflation. This led to a sizable redistribution of income in favor of the wage-earners and, for a brief period, the policy appeared to be enjoying some success.

Yet the real reason for the apparent success was the fact that the government profited (in a manner that recalled the situation in the late 1940's) from a temporarily favorable trade balance in the wake of the world boom in commodity prices. Once this favorable situation disappeared, as it did toward the end of 1974 with the oil crisis and the world industrial recession, it became evident that the populists would enjoy no more success than they had done 20 years earlier. The most they could do was to seek to perpetuate a facade of unity, first behind an ill-advised consumer boom, then in the traditional manner by indiscriminate increases in public spending and, finally, by resorting to staggering levels of corruption. Such action could, at most, only postpone the reemergence of crisis in a far more virulent form. With the pressures from a multitude of dissatisfied groups, and with the familiar downward turn in the economic cycle, a wave of inflationary pressures resurfaced throughout the economy and the Social Pact swiftly disintegrated. By this time, however, Perón was dead. In July, 1974, in a manner that illustrated the improvisations of the political settlement of 1973, power had passed to his widow, Maria Estela Martínez de Perón, "Isabelita."

### CORRUPTION AND VIOLENCE

Perón's death and the questionable legitimacy of his successor allowed the Montoneros to resume their quest for popular support. Hoping to recreate the situation that prevailed between 1969 and 1972, before the Peronist diversion, when they had appeared likely to evolve as the leaders of a mass popular opposition, they retreated underground and recommenced their guerrilla battle against the army. However, what little remained of the atmosphere of 1973, the surging mass rallies, the indigestible profusion of street literature, the sense of popular participation in a process of revolutionary change, quickly gave way to an altered climate. As each side mobilized, the country witnessed a daily spectacle of bombings, kidnappings, and the decimation of its leading public figures. But the popular insurrections of years past failed to materialize. To prevent links between the rebels and the trade unions, the army continued to support the civilian government.

With the disappearance of the Social Pact, however, it was soon apparent that Isabelita could not hold together the unwieldy coalition of 1973. At the onset of the economic crisis, she was quickly pushed into a confusing medley of half-measures, whose only result was to precipitate a wave of hyper-inflation, immediate-

ly fanning into life the traditional and highly orchestrated conflicts over the distribution of income. Within a few months of Perón's death, her rapidly shrinking power base, the despairing frequency with which she changed her Cabinets, her dependence upon notorious political adventurers like José Lopez Rega, the frenzied oscillations from one policy extreme to another made it evident that Isabelita was destined for the same fate as each of her civilian predecessors. By the time she was almost mercifully disengaged from the presidency by the long-delayed military coup of March, 1976, she found herself, along with many of her countrymen, reduced to a state of nervous collapse and physical prostration.

The 33 months of populist government that had begun in great optimism with Cámpora thus ended on a note of bankruptcy. When an army junta led by General Jorge Videla resumed power, seven different political figures had occupied the presidency since May, 1973. In permitting the populist interlude and its economic chaos, the army was now in a much stronger position to deal with the insurgents. Thus 1976 and much of 1977 was taken up with the bloody suppression of the guerrilla groups, whose suicidal valor contrasted with the political ingenuousness they had manifested in 1973. The army also buried the cult of Peronism and exploited popular demoralization to attack inflation by effecting a drastic decline in real wages. Toward the end of 1977, the army had apparently destroyed the main cadres of the guerrilla movement—both the ERP and the Montoneros—but had not yet developed coherent economic policies for the longer term. Nor had a decision emerged on the country's political future. The army itself in some degree had fallen prey to factional struggles between right-wing hardliners seeking military dictatorship and an even greater escalation of repression and more conciliatory groups, apparently led by the President himself, who were beginning to encourage speculation about a return to political party activities.

In Argentina, a highly sophisticated urban society, fortified by the populist governments of the postwar period, is trying to arrest the disruptive forces undermining its existence. The continuing search for accommodation and the inability to face inevitably radical and unpalatable alternatives explain the paradoxes of the past few years: the leftism of movements like the

*(Continued on page 83)*

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*"Nevertheless, the discontent voiced by the workers worried about the cost of living and the availability of jobs and by the middle class suffering under the economic austerity program does not bode well for the military government's political future."*

## Brazil's Military Regime Under Fire

BY ROBIN L. ANDERSON

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THE last year has been difficult for the military government of President Ernesto Geisel. He and his Cabinet have faced a great deal of criticism from both domestic and foreign sources, and support for his policies has been slowly eroding. On the diplomatic front, Brazilian-United States relations have cooled dramatically over the issues of human rights and nuclear proliferation. As a policy of diplomatic independence continues, Brazil has moved away from the United States, cultivating friendships with European and African nations. On the domestic scene, observers note increasing criticism and a loss of confidence. The issues of human rights and repression, along with increasingly strident calls for a return to democracy, are openly debated by students, businessmen, workers and military. Inflation, the credit squeeze and foreign debt command increasingly critical attention. The energy issue has created serious misgivings among the business community about the government's ability to solve practical problems, and the general spirit of unrest has led the military to worry about Geisel's ability to rule effectively.

The human rights issue has captured international attention during recent months, much of it focused on Brazil. The Geisel government, which has made some progress in human rights, has been under direct fire. Thus the United States government has attempted to pressure the Brazilian leadership into remedying numerous violations of human rights. Nearly all foreign aid, either direct or indirect, is now dependent on progress reports on human rights. In addition, the United States has cosponsored an Organization of American States (OAS) resolution condemning human rights violations in the name of economic development and internal peace. It is argued that human rights transcend national frontiers and are in need of international regulation. Yet despite the threat of economic

sanction, United States aid has not declined markedly, since the administration of Jimmy Carter continues to lend money to countries like Brazil.

The Brazilian reaction to United States and OAS criticism was swift and dramatic. The first step was to cancel a 25-year military assistance treaty with the United States, estimated at nearly \$50 million, on the grounds that United States interference in internal affairs was intolerable. The gesture was symbolic, since much of the armament for Brazil's military, now numbering some 196,000 men, is of domestic manufacture or a European import, and cancellation does not affect accumulated credits, cash sales of arms, or military alliances per se. Four other military agreements were later canceled.

The other immediate reaction to United States pressure was a strident nationalism voiced by military and civilian alike. Leaders of the government opposition party, the Brazilian Democratic Movement (MDB), joined in protesting foreign involvement, saying that MDB is in "opposition to the government, not the nation."<sup>1</sup> Whether this attitude is due to fear of a government backlash or a strong nationalist spirit is not clear; in any case, Brazil has presented a defiant and united front to international criticism.

The June, 1977, visit by Rosalynn Carter, the wife of President Carter, was billed as a friendly attempt to clarify the United States position on human rights. The issue was publicized anew during her stay by reports from two American missionaries who had been held by police. Letters of protest from the student movement in Brasilia and the women's amnesty movement further emphasized the fact that repression, torture, and prison are still very much part of political life.

Response to international pressure has fluctuated, from liberalization to increased repression. United States State Department reports indicate that violations of human rights have recently decreased. Yet torture clearly is still used, as was revealed by reports from Rio de Janeiro and São Paulo in July, 1977, when its inci-

<sup>1</sup>Latin American Political Report (LAPR) March 11, 1977, p. 73.

dence had supposedly dwindled to near-disappearance. Government declamations, medical reports and Geisel's personal opposition have not been enough to dispel suspicion that torture remains a favorite weapon of the political police.

Early in 1977, there was a great deal of optimism about Geisel's policy of political liberalization. A lessening of press censorship and a sharp decline in arbitrary arrests and the use of torture encouraged the MDB to plan for political advances, including the direct election of governors in 1978. However, the euphoria of those early months has disappeared, and Geisel is finding it difficult to project an image of a liberalizing President. His priority interest is a government victory in the 1978 elections, preferably with as little personal violence as possible. Once again he faces a difficult choice; a loosening of restrictions would defuse the political climate, but would greatly benefit the opposition, while a tighter clampdown would insure victory at the polls, at the expense of a loss of support from all sectors of Brazilian society.

### NEW RESTRICTIONS

The first step away from the former *distensão* policy came in early April, 1977, when Geisel closed Congress and began to rule by decree. New laws, known as the "April Package," effectively prevented the MDB from gaining further power and limited its role. Since April, censorship of newspapers, periodicals, radio and television has been tightened considerably. Institutional Act 5 has been used on several occasions to deprive annoying critics of their political rights, and arbitrary arrests continue unabated, with evidence that the use of torture is again increasing.

Signs of imminent action against the MDB were visible for some time in 1977, so the closure of Congress on April 1 came as no surprise. Electoral gains in the 1974 legislative and 1976 municipal elections had given the party enough strength to look forward to the gubernatorial and senatorial races in 1978, and with victories there, to a new and contradictory status as a government minority party holding a majority of seats. The regime did not consider such a situation in any way acceptable. The closure of Congress was officially blamed on the MDB for forming a "minority dictatorship" in blocking passage of a government-sponsored judicial reform bill, thus justifying government action as a means of defending the real interests of the people. The whole "crisis" was obviously manufactured to enable Geisel to rule by decree and to strip Congress of its remaining independence.

Reaction to the closure was more vehement than had been expected. Press coverage was overwhelmingly critical, even in pro-government papers. The MDB took a surprisingly strong stand, calling for a peaceful struggle for a return to democracy. Leaders of the government party, the Aliança Renovadora Nacional

(Arena), were also upset, noting that such a move would polarize opinion, and would probably mean greater support for the MDB. The Arena leadership was also increasingly disillusioned about its role in the government and critical about its loss of consultative power in political decisions. On the international front, the United States and several other nations protested the closure, and the Brazilian image took another drubbing in the foreign press.

After two weeks' rule by decree, Geisel ordered Congress reopened on April 15. Just before Congress reconvened, Geisel's new laws, dubbed the "April Package," were made public. The most important changes provided for the indirect elections of state governors and part of the Senate, the requirement of a simple majority to pass constitutional amendments and perpetuation of the *lei falcão* governing electoral publicity. All the measures guaranteed that Arena would dominate any future election and that Congress would become a rubber stamp.

Strong pressure from the military resulted in strong clampdown censorship of written media as well as radio and television. Because of the slight relaxation of censorship under Geisel's *distensão* policy, the major newspapers had been increasingly critical. Raising the specter of national security, the government has pressured, cajoled and forced a retreat from many editors. The independent weekly *Opinião* stopped publication in April; other papers have narrowly avoided prosecution under the national security laws; and government advertising has been withdrawn from former supportive papers. Editors and journalists from several papers have been dismissed. Censorship of literature, art, music and theater is increasingly evident. A partial survey in January, 1977, showed that 74 books, 7 theater scripts, 13 films, 5 television serials and various documentaries had been banned; several hundred films and plays had been frozen pending eventual decision; and 8 periodicals were subject to prior censorship. Authors were being prosecuted for their views, an intensification of the former policy of banning their works.

Restrictions on radio and television are primarily concerned with election publicity. The *lei falcão* prohibits use of public media for campaigning; candidates are limited to statements of name, party, and background; this year each party was allowed one hour's broadcasting time for political purposes. After clearing the speech with proper authorities, the MDB excoriated the regime on the issues of censorship and human rights; as a result of that speech, the party chairman will be prosecuted for contravening electoral law. Future political broadcasts have been banned, and Institutional Act 5 has deprived one other participant of his political rights.

Institutional Act 5 has been used against the MDB at the national and state level. Marcos Tito, an MDB

deputy, was cassated for reading a speech lifted from the underground Communist paper *Voz Operária*, and MDB leaders in the Porto Alegre city council have been removed. Since the Carter visit, rumors have circulated of a new wave of such actions.

The Death Squad is back in the news. This group, which has covert ties with the secret police, enjoys relative immunity from prosecution for its activities, which include drug trafficking, prostitution and protection rackets. The purported leader of the São Paulo Death Squad, Sergio Fleury, has been charged with several murders, but was released after a mock trial, again demonstrating his power above and beyond the law.

While torture continues, the public outcry against it may be having some effect. The Brazilian Bar Association (OAB), the Brazilian Press Association (ABI) and the National Council of Brazilian Bishops (CNBB) have all issued statements condemning the use of torture. Although these relatively powerful groups have not formed a coalition, their protests have been taken seriously in Brasília. The secret police, CODI/DOI, has fallen from official favor and its activities have been curtailed. In a somewhat surprising development, there are an increasing number of suits in court by individuals against their former torturers.

It remains to be seen, however, if moderation is more than an ephemeral gesture. There have been charges that torture has been applied not only to political prisoners but also to criminals and even minors. Even if Brazil has a better human rights record than other Southern Cone countries, the question is academic to the poor and the dissenters who live under constant threat of arrest, imprisonment and torture.

## CHURCH AND STATE

The government has chosen to focus much of its attack on the Church, which is still its most powerful single opponent. Church leaders like Dom Evaristo Arns, the Archbishop of São Paulo, are using their power and influence cautiously to prevent an all-out confrontation that they cannot win; nevertheless they continue to make their views public. After the CNBB met in November, 1976, they voiced their concern in a pastoral letter read in churches throughout Brazil. The letter included a detailed report on the wave of violence against the Church, an analysis of the problems involved, and an appeal to the people to work toward "the recognition of human rights, such as freedom, justice, and dignity."<sup>2</sup>

The Church's position on the land distribution issue also causes official concern. Bishops have attacked the inequality of land distribution and the seizure of Indian lands by ranchers. Several priests have worked in the Amazon where peasants are being pushed from their

land, and the military is convinced that they are giving moral and organizational support to the "squatters." Because of such activity, there have been several investigations into the subversive nature of Church involvement.

The government's attempt to silence the Church by violence has had the opposite effect. The killing of two priests, one of them by military police, the kidnapping of Bishop Adriano Hipólito by ultrarightists linked with police elements, and the arrests and imprisonment or deportation of several priests have mobilized Church opposition. Moderate elements within the hierarchy have shifted support toward the anti-government spokesmen, and even members of the conservative wing have voiced their opposition to certain actions of the military. There is a general consensus that a return to rule by law and democratic institutions is required.

Since physical force has not worked, the government has tried irritation. Shortly after Congress reconvened, the divorce law was passed under the new rule of a simple majority requirement. A 20-year issue, formerly fought bitterly by the Church, its passage engendered relatively little protest. President Geisel, who had remained neutral, obviously enjoyed a momentary flash of victory over the Church. A stronger reaction has been wrung from Church leaders over the issue of birth control. The government has finally announced a birth control program, directed at the poverty-stricken Northeast, which has a birth rate 50 percent higher than the industrial areas. Birth control has been a politically sensitive issue, which has brought strong protests from nationalists and the Church, but their views are being ignored.

## PRESIDENTIAL SUCCESSION AND THE MILITARY

The presidential succession has complicated the political situation, absorbing so much attention that it may have damaged Geisel's ability to govern effectively. Since the succession process is not supposed to include speeches and other campaigning, all such visible juggling is technically illegal, and all "candidates" have tried to avoid the stigma of personal ambition. The presence of two civilian hopefuls aside, during most of 1977 the race involved internal security chief General João Baptista Figueiredo and army minister General Sylvio Frota. They both had their political ups and downs in trying to obtain Geisel's backing.

General Frota's support came largely from the army, who regarded him as the professional soldier firmly committed to the anti-Communist cause. His demands for increased censorship and repression were strong. However, Frota was not able to persuade Geisel that he was the best choice, and his criticism of the regime, along with his political maneuvering, led to his dismissal in October. His dismissal, officially due to his criticism of the government's dialogue with civilians, leaves General Figueiredo as the only candidate and the

<sup>2</sup>*Ibid.*, Nov. 5, 1976, p. 342.

probable successor. Figueiredo's support comes from elements within the military and civilian political contacts. The road to the presidential palace will be a difficult one, since Figueiredo is dependent on Geisel's support in order to be promoted ahead of schedule to serve as President.

Discontent and grumbling within the military are not confined to the succession issue. Although Geisel had firm support from the military with regard to foreign pressure over human rights and nuclear policies, the military is clearly divided over other issues. The loss of civilian support, plus the nationwide campaign for a return to civilian rule, has caused widespread political debate within the armed forces, particularly the high command. One judge on the military supreme court has made a strong and surprising attack on the continuing use of torture. Increasing criticism has also been heard from retired officers like former General Poppe de Figueiredo, who called for amnesty, direct elections and a new constitution. An indication of the regime's insecurity and sensitivity, prosecution under national security laws has been threatened for at least one such dissident.

The "back to the barracks" slogan has gained ground, supported by a number of younger military men. A group of 110 colonels, all on active duty, have formed the Constitutionalist Democratic Military Movement, calling for amnesty for political prisoners, the formation of a constituent assembly, the right of habeas corpus, and abolition of Institutional Act 5. The colonels claim that the military, which has become a praetorian guard for the technocrats, should turn over control to the civilians and return to the barracks.

Attacks have been launched from the hard-line right-wing military as well. A group of retired right-wing officers with support from some businessmen was formed in March, 1977, to counteract the colonels' movement. An attempted right-wing coup by hard-liners angered over the government's inability to curb public criticism was reported in June, although it did not seriously threaten Geisel and his regime. In short, the President is under fire from within his own ranks, a sure sign of a general loss of confidence and support that extends beyond the military.

### OTHER VOICES

Civilian discontent has been considerably more open and apparent. In fact, students, scientists and businessmen, along with politicians from both parties, are surprisingly hard-hitting and critical, in view of the increased level of repression.

Student unrest has reached new levels, and student demonstrations are receiving public support. The movement is more radical in Brasilia than elsewhere, but student activity is spreading throughout Brazil, including protest marches and meetings, a student strike, and calls for a national day of protest. At first the

government did not use force against the students, but pressure within the military succeeded in triggering a more violent reaction. The national day of struggle was suppressed violently; the university in Brasilia was closed and numbers of students expelled; and arrests increased. Student demands for a return to democracy offer the government a challenge it must answer. In view of the overall political situation, the answer will probably be increased repression.

The student movement would not be so troublesome to the government were it not echoed throughout the middle class. Professional groups are increasingly disillusioned about Geisel's ability to solve current problems and maintain control. In a strongly worded motion, the Brazilian Society for the Advancement of Science, which held its conference in spite of government opposition and obstruction, called for a return to democratic freedoms. The increasing number of businessmen in the ranks of the critics remains one of the most serious problems facing the regime. The business community is deeply concerned about the current economic situation, and the way in which its needs and desires have been ignored. Discontent from that sector must not be overstated and much of the criticism has been muted in recent months; but the fact that right-wing businessmen are opposed to the existing military rule cannot be overlooked.

Businessmen are increasingly sure that further economic development in Brazil is inextricably tied to political liberalization. The credit shortage, inflation and the rising cost of living, the oil crisis, and the balance of payments are all issues that concern the business community. One of their most serious worries relates to state control of the economy and the excessive centralization of decision-making. Many businessmen have noted that the economic model is far too rigid and must be changed to allow for a greater distribution of wealth.

The businessmen's discontent is not a wholehearted move toward open democracy and economic liberalism. While they have called for less state interference in the economy and a return to democracy, it is clear that businessmen do not include free trade unions or collective bargaining in that arrangement. While decrying violations of human rights, they remain firm supporters of law and order. They do, however, constitute an important portion of society once loyal to the regime and now opposing it.

### ECONOMIC WOES

One of the most serious economic problems facing Brazil in 1977 was the energy crisis. Oil imports represented 31 percent of total import values, costing nearly \$4 billion in 1976, and stringent measures to limit demand in 1977 cut consumption by less than 5 percent. The gasoline compulsory deposit program, which would have added 2 cruzeiros per liter as a forced

loan, was shelved when its inflationary nature and organizational headaches were recognized.<sup>3</sup>

The government is attempting to find a way to reduce dependence on foreign oil. Exploration of domestic fields continues, using foreign companies and risk capital, with nearly \$4 billion allocated for exploration and production in the next four years. Output is decreasing as reserves are consumed, lessening hopes of total domestic supply, which currently takes care of less than 20 percent of demand. Hydroelectric projects are another official hope for energy sources but have been facing serious problems. The binational Itaipú project faces technical problems in compatibility with the Paraguayan electrical grid, which will seriously impair the efficiency of the largest hydroelectric project in the world. In any case, even official sources admit that hydroelectric power cannot meet domestic demand.

The most publicized and controversial plans for energy self-sufficiency deal with nuclear power. The agreement signed by Brazil and West Germany to build two reactors, complete with reprocessing and enrichment facilities, has provoked considerable diplomatic hostility. Most of the concern from the United States, Holland, Canada, and the U.S.S.R. centers on the fear of an escalating arms race between Argentina and Brazil. Despite repeated assurances to the contrary, Brazil's military leaders have not allayed these fears. Brazil would have the capability and incentive for an arms race without the restraining influence of the 1968 nuclear nonproliferation treaty, which they have refused to sign, characterizing such international agreements as discriminatory and prejudicial to legitimate economic growth in third world countries.

The international dispute has focused on the supply of enriched uranium, not on the construction of the reactors. If Brazil did not build the reprocessing and enrichment facilities, the government would have to supply uranium from domestic and foreign sources. Domestic reserves are now estimated at some 30,000 tons, but since one reactor needs some 3,500 tons per year, the domestic supply is insufficient. The United States offered to supply all Brazil's needs for enriched uranium in return for an agreement not to build the corollary facilities, but such a move runs counter to Brazil's desire for energy independence. The European consortium Urenco also planned to supply enriched uranium, but member-nation Holland vetoed the sale unless Brazil signs the nonproliferation treaty.

If Brazil were to sign that treaty, much of the problem would be resolved, but the possibility is remote. The demand for energy independence is one of the few issues on which Geisel has strong and united military support. On the nuclear issue, Brazilians resent foreign

opposition to legitimate economic development based on cheap and easily accessible energy sources. Such an attitude is reinforced by increases in both the demand for and the price of electrical power. If Geisel backed down on his anti-treaty stand, it could mean political suicide.

The Carter administration tried unsuccessfully to persuade Brazil and West Germany to cancel their agreement. None of the arguments used to persuade the West Germans to cancel the agreement, like the arms race and terrorism, have carried much weight. The offer of a permanent supply of uranium was rejected, and German export of the plant's blueprints was cleared in May, 1977.

The internal economic picture is not encouraging. In 1976, inflation reached 46.3 percent, and the 3.1 percent monthly rate for 1977 was the highest since 1964. Much of the inflationary spiral is due to rising prices for food and exportable agricultural products like coffee and soybeans. Price freezes have been instituted on many foodstuffs (the cost of which has risen far faster than overall inflation), and food imports have been increased to deal with shortages.

Inflation control is a top government priority. Government spending has been slashed in an effort to hold the growth rate to 4 percent. The cost of credit has risen markedly, making industrial and commercial expansion difficult. The austerity program remains the focus of most middle class discontent and worry about recession.

The working class is concerned primarily with unemployment and the rising cost of living. The minimum wage adjustment for 1977 was well below inflation level, once again reducing purchasing power. Massive layoffs, permanent and temporary, have been particularly severe in the construction and automobile industries, throwing at least 100,000 people out of work in those sectors alone. As usual, the brunt of the suffering caused by an austerity program is borne by the lower classes.

The other major economic headaches for the government are the balance of trade and the servicing of the foreign debt. Due partly to the high prices of coffee and partly to increased industrial output, Brazilian export values have increased dramatically. At the same time, the compulsory 100 percent deposit on imports has clearly reduced imports, as values rose by only 1.5 per-

*(Continued on page 87)*

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<sup>3</sup>International Marketing Information Series, *Foreign Economic Trends and Their Implications for the United States* (Brasilia: U.S. Embassy, July, 1977).

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*"There is still no indication that the Chilean junta will be overthrown soon. But growing discontent, the opening up of the political system, the militant opposition of the Roman Catholic Church, the clandestine operations of the Chilean left, and the reaction of foreign governments to ongoing repression are all ominous signs for the Pinochet regime."*

## Rigidity and Restraint in Chile

BY SALVATORE BIZZARRO

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**F**EW Latin American countries have seen such a sharp, rapid and intense process of political transformation as Chile has witnessed since the brutal overthrow of leftist President Salvador Allende Gossens on September 11, 1973. Until that day, Chile was one of the most durable democracies in South America. Although under Allende the political situation was difficult, frustrating and sectarian, the integrity of the political system was preserved. There were few cases of imprisonment on political grounds; the press, radio and television, wretched as they were, were free to give their often hysterical versions of events; the universities were completely autonomous; and political life was almost entirely void of secret police surveillance.

Since the coup, the military has reversed all that and has imposed changes more severe than any imposed by Allende. Any vestige of pluralism has been eliminated from the Chilean social system. Operating under a state of siege, the four-member military junta, headed by 63-year-old Augusto Pinochet Ugarte, has prevented unauthorized assembly, exercised press censorship, dissolved all political parties, suspended the right of habeas corpus and abridged the rights of labor unions. Fear and insecurity have steered the military regime on a course of needless repression and mindless censorship.

Perhaps the most serious charge against the present government is that the denial of human rights is widespread and continuing and that Chile has become a symbol of repression throughout the Western Hemisphere. Since the fall of Allende, a lawless reign of arbitrary power has inspired terror among those members of the populace who are not supporters of the military and has meant death, imprisonment or torture for tens of thousands. The London-based Amnesty International, which won the Nobel Peace Prize for 1977, estimates that there are about 5,000 political

prisoners in Chile.<sup>1</sup> Economic and political realities in Chile explain why the junta has been shifting back and forth from a policy of rigidity to one of restraint.

Four and a half years of military rule have restored Chile's faltering economy to moderate health. In accordance with the "free market" theories of Milton Friedman, which boil down to massive deflation, substantial devaluation, a warm welcome of foreign capital and austerity programs for the poor, Pinochet was able to reduce inflation to 70 percent for fiscal 1977 (as opposed to an inflation rate of 400 percent in 1975 and 174 percent in 1976). For the second year in a row, Chile was also able to repay nearly \$1 billion in foreign debt, without seeking any renegotiation from her creditors.

The Chilean economy moved closer to recovery on other fronts as well. The real gross national product was expected to be up by 7 percent to 8 percent at the end of 1977; agricultural production increased 20 percent last year, in spite of problems with blight, lack of rain, and high fertilizer costs. In the second such increase since 1973 (which points to continuing improvement in this sector), non-copper exports grew so dramatically (including cellulose and liquified natural gas) that they are rivaling copper as Chile's biggest money earner. Until 1974, the government had never seriously pushed non-copper exports. Such exports are now earning more than \$700 million annually. But what is very hopeful for Chile is the recent announcement by copper analysts that the price of copper, which was depressed to a low of 57 cents per pound in 1976, will rise to 70 cents per pound within a year, and to a dollar per pound in the 1980's, due to a predicted shortage of the metal supply.

### A NEW ECONOMIC PROGRAM

The chief architect of the government's economic program was former Finance Minister (now Chilean Ambassador to Washington) Jorge Cauas. The basic goals set by Cauas included freeing Chile from economic

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<sup>1</sup>"Two Irish Women on a Crusade," in *The Christian Science Monitor*, October 12, 1977, p. 34.

pressures from abroad. Such pressures were a result of the increasingly bad name Chile was acquiring for her disregard of human rights.<sup>2</sup>

Ignoring the staggering social cost imposed on middle income groups as well as on lower income groups, Cauas implemented an austerity program in order to bring the economy around. Drastic economic measures were adopted in 1975 when Chile found herself in the midst of a monumental balance-of-payments crisis, a soaring foreign debt and sagging prices for copper. As domestic prices rose (because of the sharp boost the oil crisis gave to import costs), many Chileans were unable to buy the goods they once bought. As a result, factory production fell off, leading to layoffs and rising unemployment. There was plenty of grumbling among Chileans, and there was protest from abroad by many who questioned whether the austerity was worth the cost. It was reported, for example, that while real wages dropped 3 percent from 1975 to 1976, the loss among the low-income earners reached 20 percent. Moreover, in a population reaching 11 million, more than 600,000 children under the age of nine were suffering from malnutrition.<sup>3</sup>

The major cause of discontent among workers and union leaders was the high level of unemployment. At the end of 1977, 400,000 people, representing 13 percent of a total work force of 3 million, were jobless, while underemployment was estimated at 25 percent. Extreme poverty existed in Chile before the military came to power, but angry union leaders and workers claimed that the government's economic program was aggravating the problem. They were particularly disturbed by a reduction in industrial investment and in public spending on construction, which could have absorbed unskilled labor. They were also convinced that "the cost of privilege for the few was borne by the vast majority of the population, forced to live by the breadline."<sup>4</sup>

To ward off criticism, Cauas and Pinochet pointed to the improved economic picture, saying that sacrifices

had to be made somewhere. Pinochet was optimistic about the country's future and reaffirmed his economic policies, stating that this was "the price the Chilean people had to pay for fending off foreign pressures for political change here."

In a tough speech on September 11, 1977, in commemoration of the fourth anniversary of the coup, Pinochet made it clear that his draconian policies would be extended to the social and political spheres. He said that the state of siege would be continued for at least six more months and that there would be no change until that day when "we judge that the symptoms of normalization permit us to reduce or lift these measures. . . . Those who complain [he added] are an insignificant minority blinded by the defeat of their totalitarian goals, frustrated ambitions of power, or an innocence that paves the road to communism."

Such hard-line statements took most United States officials by surprise, especially since only a week before, at his meeting with President Jimmy Carter, Pinochet had given the impression that Chile was trying to alter her much-criticized image. During the Panama Canal treaties signing ceremonies in Washington, Pinochet had told President Carter that Chile was "just as much a respecter of human rights as the United States and that his military government was on the way toward the restoration of Chile's traditional democracy."

President Pinochet's September 11 speech was also at variance with the impression he had left in Chile, before his trip to Washington, that the four-year state of siege was about to be lifted. Since March, 1977, when the junta had declared the "recessing" of all political parties, the political policies of the government had shown restraint. In July, for example, Pinochet had promised a return to civilian rule and had outlined a carefully prepared plan for the establishment of an "authoritarian democracy."<sup>5</sup> This had allowed political leaders to hope that the process of normalization would be rapid and that a return to parliamentary democracy was imminent. Pinochet threw cold water on those hopes when (in the same speech) he said that he intended to run the country without elections for at least eight more years.

While Pinochet appeared reluctant to accept limitations on his powers, a moderating faction developing within the armed forces has led to some restraints on the security police and to a limited government tolerance of critical statements made by political and labor leaders. Recent public expressions of discontent include a book by ex-President (1964-1970) Eduardo Frei Montalva, which calls for a swift return to democracy and a revised political role for the military; a declaration by a dissident group of Christian Democratic labor leaders, who asked for a restoration of union liberties and for the right to collective bargaining; a letter to Pinochet signed by 300 students demanding that the universities be rid of military domination and be

<sup>2</sup>At the end of 1976, Chilean junta leaders freed 300 political prisoners coincident with the election of U.S. President Jimmy Carter to improve the Chilean image abroad. Shortly afterward, risking a global storm, the World Bank granted Chile \$60 million in new loans. The World Bank had made no loans to Allende from 1970 to 1973, but has increased its loans to Chile since 1973: from \$15.5 million in fiscal 1974 to \$33 million in 1976 and \$60 million in 1977. For more on this, see "Should Chile Receive Loans?" *The Christian Science Monitor*, December 20, 1976, p. 34.

<sup>3</sup>"Protest in Chile," *Commonweal*, June 18, 1976, p. 390.

<sup>4</sup>"Chile: Rich Thrive Amid Poverty," *The Guardian*, September 28, 1977, p. 12.

<sup>5</sup>For a detailed account of the government's long-term plans for a return to civilian rule see: "Chile: Authoritarian Democracy" in *Latin America* (London: Latin American Newsletter Ltd.), vol. 11, no. 27 (July 15, 1977), pp. 213-214. (All other references to this publication will be by volume, number, and date.)

returned to civilian control and denouncing the President's proposed "authoritarian democracy" as a facade for his dictatorial regime; and statements by the Roman Catholic clergy condemning fresh reports of numerous jailings of Chileans for alleged subversive activities.

In the face of such dissatisfaction, a debate has been sharpening within the junta over the advantages and dangers of continuing the repression of political dissent with arrests and censorship, or responding to internal and external criticism by allowing open debate and broader political participation. Air Force General and junta member Gustavo Leigh Guzmán has argued for a more open system. As a result, the military government appears to be torn between wanting to shed the image of a repressive regime by implementing a policy of restraint and maintaining Pinochet's rigid posture for fear that any relaxation would lead to disruptive political protest.

### THE PDC PROPOSAL

While dissension over policy marked the beginning of the fifth year in power for the junta, the Christian Democratic party (PDC) was busy drafting one of the most important political documents to be produced in Chile since the 1973 coup. In direct contrast to Pinochet's proposal for an "authoritarian democracy" with an appointed Parliament, which would begin to sit in 1981 and over which the junta would retain an absolute veto, the PDC called upon opposition party leaders to speed up the political democratization of Chile. According to the Pinochet plan, free elections would take approximately 15 years to achieve. The PDC, on the other hand, called for the immediate formation of a Movement of National Democratic Restoration (Movimiento Nacional de Restauración Democrática) and appealed to all political parties, including those of the left, to work together for a swift return to constitutionality.<sup>6</sup>

The PDC proposal, which was published simultaneously in October, 1977, in various Latin American and European capitals, consisted of three stages: the first stage would reestablish fundamental human rights; the

second stage would call for a constituent assembly, elected by universal suffrage; and the third stage would be a full return to parliamentary democracy with an elected President.<sup>7</sup> The PDC did not set any dates, but it was obvious that the party was attempting to take advantage of the small political opportunity offered by the junta's political plan.

Curiously enough, the PDC document was similar to a proposal already published in Europe by exiled leaders of the Popular Unity (UP) party, the Socialist-Communist-dominated coalition that had brought Allende to power in 1970. Both Christian Democrats and UP leaders were seeking a rapprochement and were speaking in terms of "letting history judge who was responsible," a euphemistic phrase that is a request to forget accusations from the left concerning the role of Eduardo Frei and the PDC in the military coup that overthrew Allende.

But not all exiled UP leaders were receptive to the PDC overture. Pedro Vuskovic, Minister of the Economy under Allende, became the spokesman for those UP members who would rather see the underground left in Chile build a movement of popular forces that might eventually topple the military. Vuskovic warned the left not to be seduced by the obvious attraction of an alliance with the PDC, reminding them that a pact with the Christian Democrats would inevitably favor the very sectors that supported the 1973 coup. He pointed out that it would be illusory to think that the junta would be overthrown just because the PDC wanted to restore constitutionality in Chile or as a result of pressure from progressive sectors in the United States.

Whether an understanding between the PDC and the UP is on the horizon is difficult to tell. But after the PDC made public its political manifesto, ten bombs exploded at night in the Chilean capital. Pinochet refused to attribute importance to the nocturnal blasts, but it was evident that the implications of an opening in the Chilean system and the clandestine operations of the underground would play an important part in the political calculations of the military and the growing opposition to its policies.

The violation of human rights in Chile has been institutionalized and has developed with a rare technical perfection. Since the military coup that drenched Chile in blood, many people, including people who were not engaged in political activities of any kind, were apprehended, interrogated and tortured, often with fatal results. Women were raped.<sup>8</sup> Children were taken from their parents and placed under arrest. Wives and families of detainees were held hostage and abused. This report, submitted by six members of the Women's International League for Peace and Freedom who went to Chile in 1974, applies today:

"In every soldier there is a Chilean. In every Chilean a soldier." In signs and posters everywhere, the Junta Militar strives to impose itself as the spirit of the new

<sup>6</sup>*Latin America*, vol. 11, no. 41 (October 21, 1977), p. 325.

<sup>7</sup>*Ibid.*, p. 324. In contrast, the Pinochet plan would consist of 1) a present stage of economic recuperation to last until 1980; 2) a second stage which would see the creation of an appointed legislative chamber from which a President would be named in 1986; and 3) a consolidation stage with the "popular" election of a President in 1991. The armed forces would maintain the right to "contribute to the defense of the country's institutions and national security." For more on this, see: *Latin America*, *op. cit.*, vol. 11, no. 27 (July 15, 1977), pp. 213-214.

<sup>8</sup>For abuses of women's rights in Chile see the following articles: Maria de los Angeles Crummett, "El poder femenino: The Mobilization of Women Against Socialism in Chile;" and Carol Andreas, "The Chilean Woman: Reform, Reaction, and Resistance." Both appeared in *Latin American Perspectives*, vol. 4, no. 4 (fall, 1977).

Chile. It conforms with the existing "state of war" which serves as the official excuse for the wholesale denial of basic legal and human rights: searches, detentions, interrogations with compelling physical inducements, secret tribunals, and outright murder.<sup>9</sup>

Today Church and legal sources estimate that between 18,000 and 30,000 people have been killed in Chile since the coup.<sup>10</sup>

It is unnecessary to list the cruelties that have been perpetrated by the military government; its brutal nature has been already documented by many international humanitarian institutions and church groups. It would be equally useless to show to what extent the coup violated constitutional provisions. What is more urgent and disturbing is the fact that four and a half years after the Allende demise, Chileans continue to be victimized by the junta.

Chile's human rights stance has been severely criticized by United States President Carter, the United Nations, the Organization of American States, Amnesty International, various church organizations (including Chile's own Roman Catholic hierarchy) and some Chilean political groups, including the Christian Democrats, the nation's largest single party. The military has steadily denied the charges. At the same time, it has not allowed international human rights groups, like the United Nations Human Rights Commission, to conduct an investigation of the alleged abuses inside the country. Moreover, the junta has warned outsiders to mind their business.

## ABOLITION OF DINA

President Carter's strong reproof of the Pinochet government has produced what seems to be desirable change: 1) the abolition of the hated and controversial National Intelligence Directorate (Dina), the Chilean secret police; and 2) the promise to move the country toward a civilian government about 1981 with the election of a unicameral legislature composed of civilian politicians. Critics of the Chilean regime say that these changes are purely cosmetic and that changing the name of the Dina does not alter its nature.

The Dina was formerly established by decree-law 527 in June, 1974, but it had been in operation since November, 1973. Under the direct control of Pinochet, it numbered 4,000 men and had approximately four times as many informants. Secret provisions in its charter gave it the power to arrest anyone<sup>11</sup> and it routinely used torture as an instrument of state policy. The Dina was feared because it was fairly ecumenical in seizing its victims; former parliamentarians and

army officers, as well as suspect leftist terrorists, were beaten and tortured. But the brunt of the Dina's repression was borne by the Chilean left.

The Dina was blamed for a number of bombings that killed or maimed exiled Chilean leaders who were a possible threat to Pinochet and who were said to be on the government's "hate list." Among them were: General Carlos Prats González, army chief of staff under Allende, who was assassinated when a bomb exploded in his car in Buenos Aires, in September, 1974, killing him and his wife; Bernardo Leighton, Christian Democratic leader, who, with his wife, was seriously wounded by gunmen in Rome, in October, 1975; and Orlando Letelier, Chilean Ambassador to the United States under Allende, who was killed with a co-worker when a bomb exploded in his car outside the Chilean Embassy in Washington, D.C., in September, 1976. The Chilean government denied any complicity in these attempts, even though strong evidence pointed to the Dina.

Coincident with the visit to Chile in August, 1977, of Terence Todman, United States Assistant Secretary of State for Inter-American Affairs, General Pinochet disclosed that the Dina had been dissolved as of August 6. The agency was replaced by the Central Nacional de Informaciones (CNI), a specialized military body headed by a general, which gathers and processes information in all fields necessary for government decision-making, especially as they relate to national security.

Like the Dina, the new intelligence apparatus is responsible solely to the President, and draws from an extraordinarily varied investigative network that covers air, naval, military and police intelligence. The continuing hegemony of Pinochet's, intelligence service seems to indicate that the President overshadows the other members of the junta and that the change of names from Dina to CNI does not denote a significant structural reform.

Recent reports from Chile show evidence that a curtain of secrecy envelops secret police arrests. Amnesty International has documented the disappearance of more than 1,500 people since the 1973 coup; a special United Nations committee said in October, 1977, that it continues to receive "extensive and detailed evidence proving the arrest and detention of persons

(Continued on page 83)

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**Salvatore Bizzarro** has made numerous trips to Mexico and to South America in the past 15 years. He is the author of the *Historical Dictionary of Chile* (Metuchen, N.J.: Scarecrow Press, 1972); has been a contributor to the *Hispanic American Report* (Stanford University); has been on the editorial board of the *Latin American Yearly Review* (Paris, France) from 1973 to 1977; has written a number of articles for scholarly journals and has just finished a book, *All Poets the Poet: An Introduction to Pablo Neruda*, to be published this year by Scarecrow Press.

<sup>9</sup>Gary MacEoin, ed., *Chile: Under Military Rule* (New York: IDOC/North America, 1974), p. 113.

<sup>10</sup>Salvatore Bizzarro, "Chile Under the Jackboot," *Current History*, vol. 70, no. 413 (February, 1976), p. 59.

<sup>11</sup>"Why Chile's Secret Police Killed Orlando Letelier," *The Village Voice*, October 4, 1976, pp. 11-12.

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*"Jamaica is sui generis in the study of human development in that it provides a fertile ground for the study of all the major problems faced on one hand by the developing nations and on the other hand by the industrial countries. . . . Increasing political and criminal violence is possibly the single cause of insecurity and a growing sense of futility of life in Jamaica."*

## The Jamaican Experiment

BY K. NYAMAYARO MUFUKA

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**D**URING the second week of December, 1976, the People's National party, led by Prime Minister Michael Manley, a trade unionist, was returned to power for a second five-year term. The elections had created extreme apprehensions in Jamaica and elsewhere, focused on the "direction" which this "vital" Caribbean island would take. The population in the island numbers some 2.25 million. Another 2.5 million Jamaicans are permanently resident in the United States. Lines of hopeful emigrants applying for permanent visas to Britain and the United States grow ever longer, and at least 10,000 migrants eventually find their way to North America each year.

The emigrants usually comprise "high caliber manpower," with the consequence that for the last 10 years Jamaica has been recruiting British, American and Canadian skilled workers on short-term loans, not because there are no Jamaicans with similar skills, but because they are not available in Jamaica. Jamaica has the only medical school in the English-speaking Caribbean, yet it is forever recruiting doctors. It is estimated that well over three-fourths of all nurses and doctors trained there find their way abroad less than two years after graduation. Indeed, the British medical system heavily depends on a Jamaican nursing staff. Perhaps one-twelfth of the nursing staff in the inner-London area is Jamaican.

Recently, wealthy Jamaican families have joined this exodus. Wherever possible these families attempt to invest their profits in the United States and Canada, fearing that the direction of Jamaican politics under the present leadership is toward the "left." It will not be long, they argue, before Jamaica is "Cubanized." One of the main themes of the last election was Jamaica's friendship with Cuba, and Prime Minister Manley is a fervent admirer of Fidel Castro, Prime Minister of

Cuba. Minor reciprocal agreements, like an exchange of students and craftsmen between the two countries, has been sighted as proof of a move by the administration toward communism.

Jamaica is *sui generis* in the study of human development in that it provides a fertile ground for the study of all the major problems faced on one hand by the developing nations and on the other hand by the industrial countries. The unemployment problem, for instance, shows aspects of human problems facing both developing countries and industrial nations.

In a country of only 2.25 million people, the bulk of whom are of school age, it can be assumed that about 500,000 are adult wage earners. Of these wage earners, in the Greater Kingston area alone, 180,000 men and women are reportedly not "gainfully employed," a phrase which itself is reminiscent of English colonial humor. The metropolitan city of Kingston has an estimated population of 500,000. If half that population are adults and 180,000 of these adults are unemployed, it is possible that, in actual fact, there are fewer people gainfully employed than seeking work.<sup>1</sup>

An examination of the plight of children of school age does not bring any comfort either. The education system is modeled on English lines and certain students are able to write the English Ordinary Level examinations. In the classrooms, especially in junior grades, 50 students per teacher is not uncommon. The main attraction of English education is that qualifications there are reciprocal with those of English-speaking countries, including the United States. Yet, William Melvin Kelley, a Jamaican, writing in *The New York Times* in January, 1977, reminds us that although "Legal slavery ended around 1840 . . . some 200,000 Jamaicans of school age, 5 to 15 years, still wait to get into school." If this figure is anywhere near correct then the truth is that almost half of all Jamaican children have no chance of getting any education at all.<sup>2</sup>

The unemployment figures are, of course, informed

<sup>1</sup>An address by Ronald S. Sasso, Chairman of the Royal Bank of Jamaica, September 8, 1977.

<sup>2</sup>*The New York Times*, January 12, 1977, p. A 21.

estimates. The Jamaican government is very reluctant to give figures, partly for political reasons but also because no one knows the truth. For instance, not only are there people looking for meaningful work but the bulk of those who should be searching have already devised means of insulating themselves from employment. It is not unusual to find men and women 40 years old who have never been gainfully employed nor trained in any formal way. Indeed, the only avenue possible for such people is to find styles of life that make paid employment meaningless and irrelevant. The unemployed form a major recruiting ground for the Ras Tafarians, an organization of black militants, related to the prophet Marcus Garvey. The University of the West Indies Commission, of 1960, says of these people:

much of the psychology of the brethren is the psychology of the unemployed in any part of the world, and is similar in its essentials to that of the unemployed working class in Europe or in the United States during the nineteen thirties. There is the same sense of shiftlessness, and of despair. In the absence of organized relief, many brethren live on the charity of their fellows. And many have become so used to not finding work that they have ceased to look for it.<sup>3</sup>

The Ras Tafari tribes perhaps number more than 100,000. What is significant about these tribesmen is that they have developed a systematic theology which blames the devil for their present plight. They have formally, and on various occasions, asked the Jamaican government to arrange for their repatriation to their ancestral home in Africa. The Ras Tafari doctrine, according to the University Commission, "is radical in the broad sense that it is against the oppression of black men, much of which derives from the existing economic structure."

The doctrine has widespread support among Jamaican youths of all classes, so much so that the government has begun to use some of the doctrine in its own programs. Nevertheless, the University Commission noted that for

Jamaican leftists, the violent part of the Ras Tafari spectrum is a gift; capitalists, bourgeoisie, and proletariat can be directly translated into white, brown and black. *Revolution becomes Redemption with Repatriation* as the issue provoking bloodshed.

The Ras Tafari have always argued that Jamaican society is so sinful and oppressive that nothing but redemptive violence can save it. It further pinpoints those who are responsible for this iniquity, arguing that since the British imperialists could not have successfully

oppressed the blacks because of their small numbers, they sought the cooperation of people of mixed blood, called "browns" in Jamaica.<sup>4</sup>

This is not the only problem that provides staggering statistics. The birthrate is one of the highest in the world, equal to that of India at 3.2 percent per annum. Another closely allied problem is the fact that by far most of the children born are born out of wedlock. A civil marriage attorney estimated that in 1972 some 85 percent of all births in metropolitan Kingston were out of wedlock. The subject is naturally delicate and politicians have often suggested that the use of Christian concepts like "wedlock" and the "sanctity of marriage" and terms like "illegitimate children" are meaningless in Jamaican society. An ingenious sociologist suggested that the British colonial law of illegitimacy, if it succeeded in making most of the people "illegitimate," should itself be considered an "illegitimate law." If 85 percent of the total population are born out of wedlock, the remaining 15 percent may be the ones who suffer the stigma of two parents. The government of Jamaica was obviously sympathetic to this view and passed the Status of Children Act, November 1, 1976, which abolished the colonial concepts of legitimacy.<sup>5</sup>

#### MANLEY AND THE COMMUNIST SCARE

Michael Manley first came to power in 1972. His main thrust, then as now, was that after 300 years of capitalism the system had failed. Poverty in Jamaica, the most populated and the largest of the former English colonies, is much more obvious than it is in any part of the Western hemisphere except Haiti. Beggars are a common sight in the streets, downtown Kingston is so poverty-stricken that it is advisable to avoid certain areas even in broad daylight. Since 1972, however, Manley has formed flying squads of relief workers to clean up these deprived areas. Manley won the 1972 and December, 1976, elections on the platform of "democratic socialism." At the moment, very few know what this variety of socialism entails, but they fear that his admiration for Fidel Castro is an ill omen.<sup>6</sup>

Apart from the official policy of Manley's People's National party, there has been a persistent theme in leftist propaganda in the last 20 years. In public and in private, for example, all sorts of ills are blamed on slavery. Laziness, the official abuse of authority, the lack of civic spirit, problems of punctuality and a host of other problems are traced to the condition of slavery that ended in 1833. If a scholar can be permitted to make a generalization based on observation, the personification of evil in Jamaica and the West Indies is slavery, very much as Africans would trace all misfortune to witchcraft and Americans to communists. This association of evil with slavery has not failed to attract the attention of leftist thinkers. Sir Eric Williams's London University's doctoral thesis on *Capitalism and Slavery*, first published in 1944, has

<sup>3</sup>Report on the Ras Tafari Movement in Kingston Jamaica (Jamaica: University of the West Indies, 1960), p. 28.

<sup>4</sup>Ibid., p. 27. See also M. Garvey, *Philosophy and Opinions* (New York: Atheneum, 1974), pp. 55-57.

<sup>5</sup>"The Status of Children Act" (November 1, 1976), *Jamaica Statutes 1976*.

<sup>6</sup>*Newsweek*, December 27, 1976, pp. 34-35.

become a classic. Leftist propagandists, emphasizing the association of slavery and capitalism, create a political climate in which free enterprise is identified with an evil force.

Jamaica also suffers from a malignant racism, of a variety almost unknown in Africa or the United States. The British, even at the height of their power, never constituted more than 10 percent of the population; nevertheless they established a rigid hierarchy, largely determined by color, with themselves at the top. Because of race mixtures, there are all sorts of shades of color, ranging from castizo to mestizo. Jamaicans sometimes speak of fractions of sixteenths of white blood. Until Manley's accession to power, no systematic attempt had been made to eradicate this system. The African heritage, common to 85 percent of the population, for a long time remained the laughing stock of most Jamaicans, black, white and brown. A Jamaican of pure Negro heritage may claim an English heritage. Thus, a West Indian scholar, Hugh Springer, wrote:

at any rate this is where we begin our national life. Our culture is rooted in Western Culture and our values, in the main, are the values of . . . that tradition. They can be summed up in three words—virtue, knowledge and faith—the Greek ideals of virtue and knowledge and the Christian faith.<sup>7</sup>

In his book, *A Jamaican Testament*, Manley apparently associates this problem with the greater problems of lack of self-confidence and an inability to achieve self-fulfillment.<sup>8</sup>

Though various scholars may differ as to the ultimate solution of Jamaican problems, there is a general consensus as to their urgent nature. It is worthwhile to note that in 1960 the University Commission recommended a fundamental reform of Jamaican society if a revolution were to be avoided. The commissioners wrote:

The choice before Jamaica is that between social reform which is planned, peaceful and rapid on one hand; or changes of a different sort. It is certain that Jamaican society cannot continue in its present form. Since economic development presumes social stability, this means that any successful development depends on an intensive program of social reform. The recent spread of Ras Tafari doctrines among educated middle class youth is largely due to the appeals of ganga (marijuana) and Marxism, but this spread will surely continue so long as Jamaican society fails to provide the young with

significant ideals of social justice for which to strive, and opportunities.<sup>9</sup>

The economic and social problems that threaten to engulf the third world countries are so immense and defiant of solutions that realists and sober men are often unable to provide effective leadership. In these countries, the political vision that a leader provides is as important to survival as the actual solutions offered. Even more confusing, the vision is often mistaken for the solution. Thus, political leaders often talk of propositions as if they are accomplishments. The style and words used also convey messages intended to reassure them that there will be no deviation from the national course. There are areas and ideas which are taboo. Any politician in Africa or the West Indies who publicly championed the cause of capitalism, which in many minds is associated with imperialism, would certainly lose his job. This applies to military dictators as well. Obviously, it is sensible to believe in the socialist struggle of the workers, the students and the peasants.

Manley claims to be a follower of the European variety of socialist philosophy, which advocates that the commanding heights of the economy should be in the hands of the nation as a whole. He also believes that through relentless mass political education, fundamental changes can be brought about through democratic elections, hence the term "democratic socialism." At other times, he adds the term "humanist," by way of emphasizing that in a new Jamaican society, humane philosophy will predominate. Like British socialists, he is anxious to avoid the excesses of inefficiency that would be occasioned by government control of large industries or the perpetuation of the class system.<sup>10</sup>

Whether or not it was politically wise, Manley's first step in office (1972-1974) was to renegotiate for a higher tax base with the giant North American bauxite mining companies, Reynolds, Alcoa, Kaiser and Alcan. From a base of \$25 million dollars a year, he achieved a new annual base of \$225 million a year. The relationship between these four companies and the Jamaican government illustrates an endemic third world problem. The four companies combined generate an annual revenue equivalent to that of the Jamaican government operations. Bauxite is the only mineral mined in any significant quantity in Jamaica. To allow such an important industry to remain in foreign ownership in its entirety would be political suicide. After prolonged and meticulous negotiations, Manley achieved a 51 percent ownership in 1975 in Kaiser and Reynolds mining companies on behalf of the Jamaican government.<sup>11</sup>

The other industry worthy of note is the tourist industry. A variety of factors, one of which is the rising Jamaican black consciousness, have contributed to its sudden decline. The tourist industry is at best a delicate affair. It demands a measure of tolerance bordering on reverence on the part of the hosts. In Jamaica, this

<sup>7</sup>V. S. Naipaul, *The Middle Passage* (New York: Penguin, 1967), p. 72.

<sup>8</sup>M. A. Manley, *A Jamaican Testament* (London: Andre Deutsch, 1972), p. 58ff.

<sup>9</sup>*Report of the University Commission* (Jamaica: University of the West Indies, 1960), p. 28.

<sup>10</sup>Manley, *A Voice at the Workplace*, p. 70. See also *Newsweek*, December 27, 1977, pp. 34-35.

<sup>11</sup>*Comparative Analysis of Jamaican and Guyanese Bauxite Mining Operations* (Kingston: 1975), pp. 1-6.

tolerant reverence is demanded exclusively of Jamaican blacks by North American whites who form the bulk of tourists. The rising tide of black nationalism is directly opposed to the welfare of this industry, which brings about \$120 million annually. The new emphasis on black and Jamaican political consciousness encourages forms of politics that have potentially devastating effects on the system of privileges enjoyed by the pre-eminent non-black groups, including tourists.<sup>12</sup> Tourists have been attacked, and there have been reports of political and criminal violence.<sup>13</sup> In the face of declining revenue, which dropped to \$90 million in 1976, a vigorous attempt is under way to attract American blacks as tourists. Unfortunately, on the whole, black Americans are subject to the same pressures as white Americans.<sup>14</sup>

The exodus of Jamaican farmers to the cities is associated with the stigma of manual labor. Sugar plantations, once owned by large companies, were affected in two ways. The exodus of labor compelled them either to mechanize the sugar process or to close down some plants and consolidate. The Jamaican government resettled an estimated 60,000 farmers on a cooperative basis, on lands bought from the British Tate and Lyle Company and the American United Fruit Company. The obvious advantage of a cooperative scheme is that the government of Jamaica can make its influence felt more effectively than if the land were leased on a freehold basis. In addition, no land will remain unused for very long in a cooperative venture. Manley says of this venture:

The new owners are the regular workers who used to cut and load the cane, weed the grass and spread the fertilizer. They work the land and share the proceeds communally. Meantime, they cooperate in building themselves houses with government help so that their new-found economic status can be reflected in that most basic of all human needs, a home.<sup>15</sup>

Manley's most controversial innovation has been his foreign policy. His friendship with Cuba's Prime

\*For instance, the training of helicopter pilots would be inconceivable because guerrilla movements do not possess such exotic means of transport. The Jamaican government would pay for the education and maintenance of Rhodesian students if they secured places in Jamaican schools, but the liberation movements did not have the money to send these students out of Africa. The logistics were insuperable. For instance, the Jamaican government does not accept Rhodesian passports. How then could the students leave Africa if they did not have any passports at all?

<sup>12</sup>L. Edmondson, "The Caribbean Connection with Africa," in *Journal of African Studies*, vol. 4, no. 2 (1977), p. 224.

<sup>13</sup>*The Daily Gleaner* (Jamaica), September 5, 1977, p. 1.

<sup>14</sup>"Two Shot Dead," *The Daily Gleaner*, August 29, 1977. See also article entitled "Caymanas Hotel and Golf Club Closes," September 13, 1977, p. 1.

<sup>15</sup>Interviews with the Jamaican Minister of External Affairs and Senator Dudley Thompson, March, 1974, August, 1974.

Minister Fidel Castro is provocative to business interests in Jamaica and abroad. The Jamaican government has also been a vociferous supporter of African nationalists in Rhodesia and in the former Portuguese colonies. In 1973, Jamaica donated a sum of \$50,000 to the Organization of African Unity for use by the liberation movements in Rhodesia. The Jamaican government offered educational assistance for Rhodesian blacks recommended by the liberation movements. With reference to the armed struggle itself, the Jamaican government offered to train helicopter pilots. These offers were no doubt genuine but it has never been possible to implement them.\* These may have been only rhetorical gestures, yet they provoked endless debate in Jamaica. The support of the armed struggle caused apprehensions among some Jamaican clergy. The friendship with Cuba and student exchanges between the two countries frightened those who believed that Manley was preparing for a revolution.

Further, it should not be forgotten that 85 percent of the Jamaican people are of pure Negro stock. The "Jamaican consciousness," which has now become a potential force in politics, is a black power movement. Identification with an emotional issue like Rhodesia where a white minority controls a black majority helps Manley's political image.

When one assesses the achievements of Manley's government, it is surprising to note that nothing outrageously revolutionary has been attempted. In everyday government affairs, Manley draws on experts from wealthy Jamaican families. The few reforms that he has instituted were carried out with a premeditation and thoroughness that belie his revolutionary rhetoric. The reforms were also long overdue. Nor is Manley's rhetoric unnecessary. A politician must win elections, and Manley is probably the last of the electoral demagogues. Problems of the West Indies, Jamaica in particular, do not admit of moderation and a sober appraisal. That a vast proportion of the Jamaican population lives in conditions of extreme suffering cannot be denied. A West Indian writer, George Lamming, in an allegorical description of a place called "Lime Stone," locates "hell" as somewhere in the West Indies. Lamming's description of society is as factual and realistic as Charles Dickens's description of life in London in the nineteenth century, and is a realistic description of the Liguanea, Trench Town and Spanish Town Road slums in metropolitan Kingston as they appeared in 1973-1976. Jamaican society is divided between old

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*"In the twilight years of Western imperialism, the United States could impose an unjust treaty on a weak Panama, but today international opinion regards the position of the United States in Panama as a relic of a discredited colonialism."*

## Panama: New Treaties or New Conflicts?

BY E. BRADFORD BURNS

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ON September 7, 1977, Panama's General Omar Torrijos Herrera and United States President Jimmy Carter signed treaties to return the Panama Canal Zone to Panamanian control and to put the canal itself under eventual Panamanian operation. The two treaties, if ratified by the United States Senate, will reunify Panama and return to that nation its primary resource, a vital and unique piece of geography; the treaties would also terminate nearly three-fourths of a century of acrimonious debate between the hemisphere's strongest nation and one of its weakest but pluckiest.

The ratification could herald a new era of relations between the United States and Latin America and, possibly, between the United States and the entire third world. The negotiations and the signing of the treaties emphasized an important effort, under way since 1964, to eliminate one of the most glaring reminders of United States imperialism, which undermines serious attempts to establish equity and partnership in hemispheric relations.

The Panamanians gained their independence from Colombia on November 3, 1903, only to find their newly won independence compromised by the treaty signed on November 18 by United States Secretary of State John Hay and the Frenchman Philippe Bunau-Varilla, an international adventurer who purported to represent Panama's interests but who better served the defunct *Compagnie Universelle du Canal Interocéanique* de Panama. He pocketed \$40 million from the United States for which no public accounting was ever given, received the Legion of Honor from the French government, and never returned to Panama. Years later, Bunau-Varilla wrote, "I had fulfilled my mission . . . safeguarded the work of French genius . . . I had served France."

The treaty he signed in Panama's name granted the United States control "in perpetuity" of a 10-mile strip across the isthmus accompanied by power and jurisdiction over that approximately 500 square miles as "if

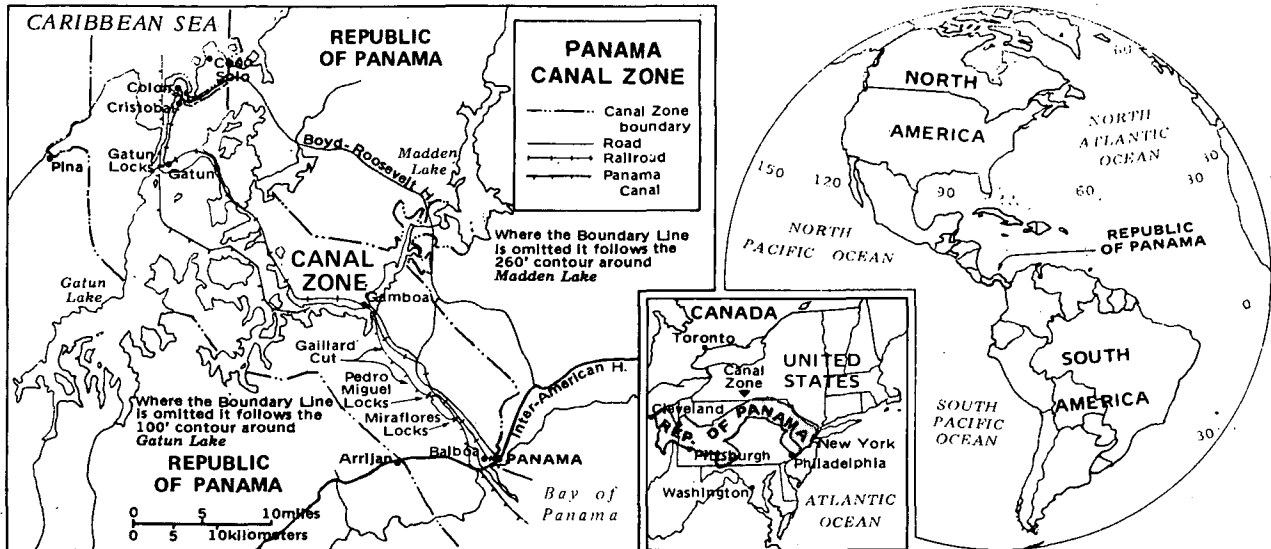
it were sovereign." The generous terms of the treaty prompted a Mississippi Senator to remark, "It sounds very much as if we wrote it ourselves. . . ." And Hay himself confided at one point, "We shall have a Treaty vastly advantageous to the United States, and we must confess, not so advantageous to Panama." He observed on another occasion, "You and I know too well how many points there are in this treaty to which a Panamanian patriot could object."

Many patriots objected then and have continued to do so over the decades. Once they understood what had happened to their nation, Panamanians set out to rectify what they considered to be an intolerable situation. Evoking their sovereignty over the alienated territory and reminding public opinion that international law did not recognize treaties in perpetuity, the Panamanians have steadily agitated for an end to the treaty of 1903.

The newly signed treaties come close to meeting the demands of the Panamanians as well as promising to safeguard United States interests and security. Both sides recognize that the treaties are not perfect, but they respond to a pragmatism that may make them acceptable to the diverse demands of two different peoples. The Panama Canal Treaty terminates United States control of the canal on December 31, 1999, and calls for joint United States-Panamanian management, protection and defense of the canal until then. Meanwhile, Panama will assume increasing responsibility for public services and for the operation of the canal. For the duration of this treaty, the United States will have the primary responsibility to protect and defend the canal, although a Combined Board of Panamanian and United States senior military officers will be formed to confer on security matters.

A second treaty states that:

The Republic of Panama declares the neutrality of the canal in order that both in time of peace and in time of war it shall remain secure and open to peaceful transit by the vessels of all nations on terms of entire equality, so



that there will be no discrimination against any nation, or its citizens or subjects, concerning the conditions or charges of transit, or for any other reason, and so that the canal, and therefore the Isthmus of Panama, shall not be the target of reprisals in any armed conflict between other nations of the world.

The treaty goes on to establish the responsibility of the United States, along with Panama, to insure the future neutrality of the canal:

The United States of America and the Republic of Panama agree to maintain the regime of neutrality established in this treaty, which shall be maintained in order that the canal shall remain permanently neutral, notwithstanding the termination of any other treaties entered into by the two contracting parties.

The treaty also guarantees to United States vessels of war the right "to transit the canal expeditiously."<sup>1</sup>

#### PANAMANIAN PLEBISCITE

In a plebiscite on October 23, 1977, the inhabitants of the isthmus voted by a two to one majority to approve the treaties. The affirmative vote failed to reach the figure of 80 percent desired by some Panamanian officials. Indeed, as the plebiscite campaign neared its end opposition to the treaties mounted. Ardent nationalists and the far left opposed the treaties, critical of the long period of transition before the canal would revert to Panama and the vague provisions that permit intervention whenever the United States might judge the neutrality of the canal endangered. Obviously any mention of "intervention" offends sensitive Latin Americans, who know that even without such permission the United States all too frequently has intervened so in the past and genuinely fear a vague but in-

clusive permission to intervene unilaterally in the future. Despite internal objections, General Torrijos will apparently agree to the United States demands that the United States retain the right to send naval ships through the canal ahead of all other ships in wartime and that the United States may act as it sees fit to protect the canal.

#### U.S. SENATE RATIFICATION

The major barrier to implementation of the treaties, however, is the United States Senate, which must ratify them by a two-thirds vote. It will certainly be difficult to obtain that majority for reasons that now seem more emotional than logical. The hoary arguments of sovereignty, security and commerce, long the main thrust of any opposition to an adjustment of the 1903 treaty, no longer seem valid.

Reiteration that the United States exercises sovereignty over the Canal Zone does not confer sovereignty. A reading of our treaties with Panama and observation of the behavior of the United States reveal the inaccuracy of the sovereignty claims. The treaty of 1903 did not invest the United States with sovereignty in the Panama Canal Zone; rather, it conferred jurisdiction on the United States as "if it were sovereign," a significant distinction in international law. The treaty of 1936 between the two nations recognized Panamanian sovereignty by acknowledging that the Zone constituted "territory of the Republic of Panama under the jurisdiction of the United States of America."<sup>2</sup>

The United States payment of annuities to Panama is a further recognition of Panamanian sovereignty. If a nation exercises sovereignty over a territory, it does not pay an annual rental fee for it to another nation. Certainly the United States never paid annuities to France, Mexico, or Russia for territories obtained from them by conquest or treaty. For example, in the case of the Louisiana Purchase, France ceded to the United States "forever and in full sovereignty the . . . terri-

<sup>1</sup>See p. 77ff.

<sup>2</sup>General Treaty of Friendship and Cooperation between the United States of America and Panama, signed in Washington, D.C., March 2, 1936, art. III, para 6, 53 Stat. 1807, T.S. No. 945.

tory with all its rights and appurtenances . . . ." All inhabitants of the Louisiana territory were granted United States citizenship.

In 1948, the United States Supreme Court added its voice to clarify any lingering doubts over the sovereignty issue. In *Vermilya-Brown Co., Inc. v. Connel*, it described the Canal Zone as "admittedly territory over which we do not have sovereignty." After 1960, the Panamanian flag officially flew from designated flagpoles in the Zone, an act that further recognized Panamanian sovereignty. Finally, if indeed the United States were sovereign in the Zone, it would have been unnecessary to have its powers enumerated as they were in Article II of the 1903 treaty. In short, there are no logical or reasonable arguments to sustain any emotional claims of United States sovereignty in the Zone.<sup>3</sup>

Nor are the military arguments regarding United States security valid. In the early decades of the century, the canal facilitated the rapid movement of the United States Navy, whose small size required greater mobility. Now the navy maintains fleets in every ocean, and mass naval transfer is not necessary. Furthermore, the new supercarriers are too large to transit the canal. Military strategists now emphasize the vulnerability of the canal to attack and to sabotage, pointing to its neutrality as its best defense.

### MILITARY USEFULNESS

Top-ranking civilians and military in the Defense Department argue that the new treaties offer the best possible guarantees that the waterway will remain open and operational for United States ships. Defense Secretary Harold Brown, General George S. Brown, chairman of the Joint Chiefs of Staff, Admiral Robert Long, vice chief of Naval Operations, and Lieutenant General D. P. McAuliffe, chief of the United States Southern Command in the Canal Zone have all testified favorably for the ratification of the treaties, regarding them as serving the best interests of the United States. Military publications repeatedly point out that the canal will be

<sup>3</sup>For a terse and authoritative discussion of the sovereignty issue see Richard R. Baxter and Doris Carroll, *The Panama Canal: Background Papers and Proceedings of the Sixth Hammarskjöld Forum* (New York City: The Association of the Bar of the City of New York, 1965), p. 13. Even blunter is the statement in *The Defense Monitor*: "The question of U.S. 'ownership' or 'sovereignty' of the Panama Canal Zone is not an issue in the negotiations. The 1903 treaty gave the U.S. only the rights to build and maintain a canal in the isthmus, not ownership or sovereignty over it. This is clearly spelled out in Article III of the treaty, which states that the U.S. power in the Canal Zone can be exercised as 'if it were the sovereign of the territory.' Clearly the U.S. is not 'sovereign' in the Canal Zone." Washington, D.C.: Center for Defense Information, vol. 5, no. 6 (August, 1976), p. 6.

<sup>4</sup>Copies of the resolution are available from Service Department, Board of Church and Society, 100 Maryland Ave. N.E., Washington, D.C. 20002.

more secure and hence more useful under a plan of neutrality guaranteed jointly by the United States and Panama.

While once the canal seemed fundamental for United States commerce and shipping, it is no longer vital. The canal now handles less than five percent of the volume of world trade and only one percent of the value of world trade. Economists describe the canal as "useful" but not "vital." United States trade transiting the canal in the 1970's has been estimated at something like nine percent, or roughly one percent of the gross national product. In fact, the canal can no longer handle fast supertankers and bulk carriers; technology in transportation has made the canal partially obsolete. Both the United States Chamber of Commerce and the Council of the Americas (composed largely of United States corporations with business interests in Latin America) favor the new treaty arrangements with Panama. The international banking community concurs.

In addition to the strategic and commercial arguments for the new treaties, moral issues are also involved. The United States voted for the 1961 resolution passed by the United Nations General Assembly, affirming "the right of every nation to control its natural resources for the sake of the development of its people." Panama's principal resource is her unique geography. A bridge between two continents and two oceans, at one point Panama is barely 30 miles wide; and near that point the heights reach no more than 285 feet. Deep bays provide protected anchorage. At least since the sixteenth century, the people inhabiting the isthmus have understood the special historical destiny imposed by geography. To deprive the Panamanians of that special geographic resource by putting it under the control of the United States is to condemn 1.7 million inhabitants of the isthmus to underdevelopment, countervailing the intention of the resolution that the United States has supported in the chambers of the United Nations. Thus, many regard the treaty of 1903 as morally unjust and seek to negate it for reasons of principle. United States religious organizations have gone on record backing new treaty arrangements with Panama for just these moral reasons. The General Conference of the United Methodist Church,<sup>4</sup> the 188th General Assembly of the United Presbyterian Church,

(Continued on page 87)

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**E. Bradford Burns** has served on the governing boards of the Pacific Coast Council on Latin American Studies, the Conference on Latin American History, and the Latin American Studies Association. He is author and editor of seven books on Latin America, including *The Unwritten Alliance* (New York: Columbia University Press, 1966) and a revised edition of *Latin America: A Concise Interpretive History* (Englewood Cliffs, N.J.: Prentice Hall, 1977).

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# CURRENT DOCUMENTS

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*On September 7, 1977, United States President Jimmy Carter and Panamanian General Omar Torrijos Herrera signed the Panama Canal Treaty and the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal. Excerpts from the texts of the treaties, which must be ratified by the U.S. Senate, follow:*

## THE PANAMA CANAL TREATY

The United States of America and the Republic of Panama,

*Acting in the spirit of the Joint Declaration of April 3, 1964, by the Representatives of the Governments of the United States of America and the Republic of Panama, and of the Joint Statement of Principles of February 7, 1974, initialed by the Secretary of State of the United States of America and the Foreign Minister of the Republic of Panama, and*

*Acknowledging the Republic of Panama's sovereignty over its territory,*

*Have decided to terminate the prior Treaties pertaining to the Panama Canal and to conclude a new Treaty to serve as the basis for a new relationship between them and, accordingly, have agreed upon the following:*

### ARTICLE I

#### Abrogation of Prior Treaties and Establishment of a New Relationship

1. Upon its entry into force, this Treaty terminates and supersedes:

(a) The Isthmian Canal Convention between the United States of America and the Republic of Panama, signed at Washington, November 18, 1903;

(b) The Treaty of Friendship and Cooperation signed at Washington, March 2, 1936, and the Treaty of Mutual Understanding and Cooperation and the related Memorandum of Understandings Reached, signed at Panama, January 25, 1955, between the United States of America and the Republic of Panama;

(c) All other treaties, conventions, agreements and exchanges of notes between the United States of America and the Republic of Panama concerning the Panama Canal which were in force prior to the entry into force of this Treaty; and

(d) Provisions concerning the Panama Canal which appear in other treaties, conventions, agreements and exchanges of notes between the United States of America and the Republic of Panama which were in force prior to the entry into force of this Treaty.

2. In accordance with the terms of this Treaty and related agreements, the Republic of Panama, as territorial sovereign, grants to the United States of America, for the duration of this Treaty, the rights necessary to regulate the transit of ships through the Panama Canal, and to manage, operate, maintain, improve, protect and defend the Canal. The Republic of Panama guarantees to the United States of America the peaceful use of the land and water areas which it has been granted the rights to use for such purposes pursuant to this Treaty and related agreements.

3. The Republic of Panama shall participate increasingly

in the management and protection and defense of the Canal, as provided in this Treaty.

4. In view of the special relationship established by this Treaty, the United States of America and the Republic of Panama shall cooperate to assure the uninterrupted and efficient operation of the Panama Canal.

### ARTICLE II

#### Ratification, Entry Into Force, and Termination

1. This Treaty shall be subject to ratification in accordance with the constitutional procedures of the two Parties. The instruments of ratification of this Treaty shall be exchanged at Panama at the same time as the instruments of ratification of the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal, signed this date, are exchanged. This Treaty shall enter into force, simultaneously with the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal, six calendar months from the date of the exchange of the instruments of ratification.

2. This Treaty shall terminate at noon, Panama time, December 31, 1999.

### ARTICLE III

#### Canal Operation and Management

1. The Republic of Panama, as territorial sovereign, grants to the United States of America the rights to manage, operate, and maintain the Panama Canal, its complementary works, installations and equipment and to provide for the orderly transit of vessels through the Panama Canal. The United States of America accepts the grant of such rights and undertakes to exercise them in accordance with this Treaty and related agreements.

2. In carrying out the foregoing responsibilities, the United States of America may:

(a) Use for the aforementioned purposes, without cost except as provided in this Treaty, the various installations and areas (including the Panama Canal) and waters, described in the Agreement in Implementation of this Article, signed this date, as well as such other areas and installations as are made available to the United States of America under this Treaty and related agreements, and take the measures necessary to ensure sanitation of such areas;

(b) Make such improvements and alterations to the aforesaid installations and areas as it deems appropriate, consistent with the terms of this Treaty;

(c) Make and enforce all rules pertaining to the passage of vessels through the Canal and other rules with respect to navigation and maritime matters, in accordance with this Treaty and related agreements. The Republic of Panama will lend its cooperation, when necessary, in the enforcement of such rules;

(d) Establish, modify, collect and retain tolls for the use of the Panama Canal, and other charges, and establish and modify methods of their assessment;

(e) Regulate relations with employees of the United States Government;

(f) Provide supporting services to facilitate the performance of its responsibilities under this Article;

(g) Issue and enforce regulations for the effective exercise of the rights and responsibilities of the United States of America under this Treaty and related agreements. The Republic of Panama will lend its cooperation, when necessary, in the enforcement of such rules; and

(h) Exercise any other right granted under this Treaty, or otherwise agreed upon between the two Parties.

3. Pursuant to the foregoing grant of rights, the United States of America shall, in accordance with the terms of this Treaty and the provisions of United States law, carry out its responsibilities by means of a United States Government agency called the Panama Canal Commission, which shall be constituted by and in conformity with the laws of the United States of America.

(a) The Panama Canal Commission shall be supervised by a Board composed of nine members, five of whom shall be nationals of the United States of America, and four of whom shall be Panamanian nationals proposed by the Republic of Panama for appointment to such positions by the United States of America in a timely manner.

\* \* \*

(c) The United States of America shall employ a national of the United States of America as Administrator of the Panama Canal Commission, and a Panamanian national as Deputy Administrator, through December 31, 1989. Beginning January 1, 1990, a Panamanian national shall be employed as the Administrator and a national of the United States of America shall occupy the position of Deputy Administrator. Such Panamanian nationals shall be proposed to the United States of America by the Republic of Panama for appointment to such positions by the United States of America.

(d) Should the United States of America remove the Panamanian national from his position as Deputy Administrator, or Administrator, the Republic of Panama shall propose another Panamanian national for appointment to such position by the United States of America.

\* \* \*

5. The Panama Canal Commission shall reimburse the Republic of Panama for the costs incurred by the Republic of Panama in providing the following public services in the Canal operating areas and in housing areas set forth in the Agreement in Implementation of Article III of this Treaty and occupied by both United States and Panamanian citizen employees of the Panama Canal Commission: police, fire protection, street maintenance, street lighting, street cleaning, traffic management and garbage collection. The Panama Canal Commission shall pay the Republic of Panama the sum of ten million United States dollars (\$10,000,000) per annum for the foregoing services. It is agreed that every three years from the date that this Treaty enters into force, the costs involved in furnishing said services shall be reexamined.

\* \* \*

7. The United States of America and the Republic of Panama shall establish a Panama Canal Consultative Committee, composed of an equal number of high-level representatives of the United States of America and the Republic of Panama, and which may appoint such subcommittees as it may deem appropriate. This Committee shall advise the United States of America and the Republic of Panama on matters of policy affecting the Canal's operation.

\* \* \*

8. In addition to the participation of Panamanian nationals at high management levels of the Panama Canal Commission, as provided for in paragraph 3 of this Article, there shall be growing participation of Panamanian nationals at all other levels and areas of employment in the aforesaid commission, with the objective of preparing, in an orderly and efficient fashion, for the assumption by the Republic of Panama of full responsibility for the management, operation and maintenance of the Canal upon the termination of this Treaty.

9. The use of the areas, waters and installations with respect to which the United States of America is granted rights pursuant to this Article, and the rights and legal status of United States Government agencies and employees operating in the Republic of Panama pursuant to this Article, shall be governed by the Agreement in Implementation of this Article, signed this date.

\* \* \*

#### ARTICLE IV Protection and Defense

1. The United States of America and the Republic of Panama commit themselves to protect and defend the Panama Canal. Each Party shall act, in accordance with its constitutional processes, to meet the danger resulting from an armed attack or other actions which threaten the security of the Panama Canal or of ships transiting it.

2. For the duration of this Treaty, the United States of America shall have primary responsibility to protect and defend the Canal. The rights of the United States of America to station, train, and move military forces within the Republic of Panama are described in the Agreement in Implementation of this Article, signed this date. The use of areas and installations and the legal status of the armed forces of the United States of America in the Republic of Panama shall be governed by the aforesaid Agreement.

3. In order to facilitate the participation and cooperation of the armed forces of both Parties in the protection and defense of the Canal, the United States of America and the Republic of Panama shall establish a Combined Board comprised of an equal number of senior military representatives of each Party. These representatives shall be charged by their respective governments with consulting and cooperating on all matters pertaining to the protection and defense of the Canal, and with planning for actions to be taken in concert for that purpose.

\* \* \*

5. To the extent possible consistent with its primary responsibility for the protection and defense of the Panama Canal, the United States of America will endeavor to maintain its armed forces in the Republic of Panama in normal times at a level not in excess of that of the armed forces of the United States of America in the territory of the former Canal Zone immediately prior to the entry into force of this Treaty.

#### ARTICLE V

##### Principle of Non-Intervention

Employees of the Panama Canal Commission, their dependents and designated contractors of the Panama Canal Commission, who are nationals of the United States of America, shall respect the laws of the Republic of Panama and shall abstain from any activity incompatible with the spirit of this Treaty. Accordingly, they shall abstain from any political activity in the Republic of Panama as well as from any intervention in the internal affairs of the Republic of Panama. The United States of America shall take all measures within its authority to ensure that the provisions of this Article are fulfilled.

\* \* \*

## ARTICLE VIII

### Privileges and Immunities

1. The installations owned or used by the agencies or instrumentalities of the United States of America operating in the Republic of Panama pursuant to this Treaty and related agreements, and their official archives and documents, shall be inviolable. The two Parties shall agree on procedures to be followed in the conduct of any criminal investigation at such locations by the Republic of Panama.

2. Agencies and instrumentalities of the Government of the United States of America operating in the Republic of Panama pursuant to this Treaty and related agreements shall be immune from the jurisdiction of the Republic of Panama.

3. In addition to such other privileges and immunities as are afforded to employees of the United States Government and their dependents pursuant to this Treaty, the United States of America may designate up to twenty officials of the Panama Canal Commission who, along with their dependents, shall enjoy the privileges and immunities accorded to diplomatic agents and their dependents under international law and practice.

\* \* \*

## ARTICLE IX

### Applicable Laws and Law Enforcement

1. In accordance with the provisions of this Treaty and related agreements, the law of the Republic of Panama shall apply in the areas made available for the use of the United States of America pursuant to this Treaty. The law of the Republic of Panama shall be applied to matters or events which occurred in the former Canal Zone prior to the entry into force of this Treaty only to the extent specifically provided in prior treaties and agreements.

2. Natural or juridical persons who, on the date of entry into force of this Treaty, are engaged in business or non-profit activities at locations in the former Canal Zone may continue such business or activities at those locations under the same terms and conditions prevailing prior to the entry into force of this Treaty for a thirty-month transition period from its entry into force. The Republic of Panama shall maintain the same operating conditions as those applicable to the aforementioned enterprises prior to the entry into force of this Treaty in order that they may receive licenses to do business in the Republic of Panama subject to their compliance with the requirements of its law. Thereafter, such persons shall receive the same treatment under the law of the Republic of Panama as similar enterprises already established in the rest of the territory of the Republic of Panama without discrimination.

3. The rights of ownership, as recognized by the United States of America, enjoyed by natural or juridical private persons in buildings and other improvements to real property located in the former Canal Zone shall be recognized by the Republic of Panama in conformity with its laws.

4. With respect to buildings and other improvements to real property located in the Canal operating areas, housing areas or other areas subject to the licensing procedure established in Article IV of the Agreement in Implementation of Article III of this Treaty, the owners shall be authorized to continue using the land upon which their property is located in accordance with the procedures established in that Article.

5. With respect to buildings and other improvements to real property located in areas of the former Canal Zone to which the aforesaid licensing procedure is not applicable, or may cease to be applicable during the lifetime or upon termination of this Treaty, the owners may continue to use

the land upon which their property is located, subject to the payment of a reasonable charge to the Republic of Panama. Should the Republic of Panama decide to sell such land, the owners of the buildings or other improvements located thereon shall be offered a first option to purchase such land at a reasonable cost. In the case of non-profit enterprises, such as churches and fraternal organizations, the cost of purchase will be nominal in accordance with the prevailing practice in the rest of the territory of the Republic of Panama.

6. If any of the aforementioned persons are required by the Republic of Panama to discontinue their activities or vacate their property for public purposes, they shall be compensated at fair market value by the Republic of Panama.

7. The provisions of paragraphs 2-6 above shall apply to natural or juridical persons who have been engaged in business or non-profit activities at locations in the former Canal Zone for at least six months prior to the date of signature of this Treaty.

8. The Republic of Panama shall not issue, adopt or enforce any law, decree, regulation, or international agreement or take any other action which purports to regulate or would otherwise interfere with the exercise on the part of the United States of America of any right granted under this Treaty or related agreements.

9. Vessels transiting the Canal, and cargo, passengers and crews carried on such vessels shall be exempt from any taxes, fees, or other charges by the Republic of Panama. However, in the event such vessels call at a Panamanian port, they may be assessed charges incident thereto, such as charges for services provided to the vessel. The Republic of Panama may also require the passengers and crew disembarking from such vessels to pay such taxes, fees and charges as are established under Panamanian law for persons entering its territory. Such taxes, fees and charges shall be assessed on a nondiscriminatory basis.

10. The United States of America and the Republic of Panama will cooperate in taking such steps as may from time to time be necessary to guarantee the security of the Panama Canal Commission, its property, its employees and their dependents, and their property, the Forces of the United States of America and the members thereof, the civilian component of the United States Forces, the dependents of members of the Forces and the civilian component, and their property, and the contractors of the Panama Canal Commission and of the United States Forces, their dependents, and their property. The Republic of Panama will seek from its Legislative Branch such legislation as may be needed to carry out the foregoing purposes and to punish any offenders.

11. The Parties shall conclude an agreement whereby nationals of either State, who are sentenced by the courts of the other State, and who are not domiciled therein, may elect to serve their sentences in their State of nationality.

\* \* \*

## ARTICLE XI

### Provisions for the Transition Period

1. The Republic of Panama shall reassume plenary jurisdiction over the former Canal Zone upon entry into force of this Treaty and in accordance with its terms. In order to provide for an orderly transition to the full application of the jurisdictional arrangements established by this Treaty and related agreements, the provisions of this Article shall become applicable upon the date this Treaty enters into force, and shall remain in effect for thirty calendar months. The authority granted in this Article to the United States of America for this transition period shall

supplement, and is not intended to limit, the full application and effect of the rights and authority granted to the United States of America elsewhere in this Treaty and in related agreements.

2. During this transition period, the criminal and civil laws of the United States of America shall apply concurrently with those of the Republic of Panama in certain of the areas and installations made available for the use of the United States of America pursuant to this Treaty, in accordance with the following provisions:

(a) The Republic of Panama permits the authorities of the United States of America to have the primary right to exercise criminal jurisdiction over United States citizen employees of the Panama Canal Commission and their dependents, and members of the United States Forces and civilian component and their dependents, in the following cases:

(i) for any offense committed during the transition period within such areas and installations, and

(ii) for any offense committed prior to that period in the former Canal Zone.

The Republic of Panama shall have the primary right to exercise jurisdiction over all other offenses committed by such persons, except as otherwise provided in this Treaty and related agreements or as may be otherwise agreed.

(b) Either Party may waive its primary right to exercise jurisdiction in a specific case or category of cases.

3. The United States of America shall retain the right to exercise jurisdiction in criminal cases relating to offenses committed prior to the entry into force of this Treaty in violation of the laws applicable in the former Canal Zone.

4. For the transition period, the United States of America shall retain police authority and maintain a police force in the aforementioned areas and installations.

\* \* \*

5. The courts of the United States of America and related personnel, functioning in the former Canal Zone immediately prior to the entry into force of this Treaty, may continue to function during the transition period for the judicial enforcement of the jurisdiction to be exercised by the United States of America in accordance with this Article.

6. In civil cases, the civilian courts of the United States of America in the Republic of Panama shall have no jurisdiction over new cases of a private civil nature, but shall retain full jurisdiction during the transition period to dispose of any civil cases, including admiralty cases, already instituted and pending before the courts prior to the entry into force of this Treaty.

7. The laws, regulations, and administrative authority of the United States of America applicable in the former Canal Zone immediately prior to the entry into force of this Treaty shall, to the extent not inconsistent with this Treaty and related agreements, continue in force for the purpose of the exercise by the United States of America of law enforcement and judicial jurisdiction only during the transition period.

\* \* \*

8. During this transition period, the United States of America may continue to incarcerate individuals in the areas and installations made available for the use of the United States of America by the Republic of Panama pursuant to this Treaty and related agreements, or to transfer them to penal facilities in the United States of America to serve their sentences.

## ARTICLE XII

### A Sea-Level Canal or a Third Lane of Locks

1. The United States of America and the Republic of

Panama recognize that a sea-level canal may be important for international navigation in the future. Consequently, during the duration of this Treaty, both Parties commit themselves to study jointly the feasibility of a sea-level canal in the Republic of Panama, and in the event they determine that such a waterway is necessary, they shall negotiate terms, agreeable to both Parties, for its construction.

2. The United States of America and the Republic of Panama agree on the following:

(a) No new interoceanic canal shall be constructed in the territory of the Republic of Panama during the duration of this Treaty, except in accordance with the provisions of this Treaty, or as the two Parties may otherwise agree; and

(b) During the duration of this Treaty, the United States of America shall not negotiate with third States for the right to construct an interoceanic canal on any other route in the Western Hemisphere, except as the two Parties may otherwise agree.

3. The Republic of Panama grants to the United States of America the right to add a third lane of locks to the existing Panama Canal. This right may be exercised at any time during the duration of this Treaty, provided that the United States of America has delivered to the Republic of Panama copies of the plans for such construction.

4. In the event the United States of America exercises the right granted in paragraph 3 above, it may use for that purpose, in addition to the areas otherwise made available to the United States of America pursuant to this Treaty, such other areas as the two Parties may agree upon.

\* \* \*

5. In the construction of the aforesaid works, the United States of America shall not use nuclear excavation techniques without the previous consent of the Republic of Panama.

## ARTICLE XIII

### Property Transfer and Economic Participation by the Republic of Panama

1. Upon termination of this Treaty, the Republic of Panama shall assume total responsibility for the management, operation, and maintenance of the Panama Canal, which shall be turned over in operating condition and free of liens and debts, except as the two Parties may otherwise agree.

2. The United States of America transfers, without charge, to the Republic of Panama all right, title and interest the United States of America may have with respect to all real property, including non-removable improvements thereon, as set forth below:

(a) Upon the entry into force of this Treaty, the Panama Railroad and such property that was located in the former Canal Zone but that is not within the land and water areas the use of which is made available to the United States of America pursuant to this Treaty. However, it is agreed that the transfer on such date shall not include buildings and other facilities, except housing, the use of which is retained by the United States of America pursuant to this Treaty and related agreements, outside such areas;

(b) Such property located in an area or a portion thereof at such time as the use by the United States of America of such area or portion thereof ceases pursuant to agreement between the two Parties.

\* \* \*

(d) Upon termination of this Treaty, all real property and non-removable improvements that were used by the United States of America for the purposes of this Treaty and related agreements and equipment related to the man-

(Continued on page 90)

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# BOOK REVIEWS

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## ON LATIN AMERICA

### UNITED STATES PENETRATION OF BRAZIL.

*By Jan Knippers Black.* (Philadelphia: The University of Pennsylvania Press, 1977. 261 pages, foreword, preface, appendix, selected bibliography and index, \$14.00.)

This is a study of United States policies in Brazil in the 1960's. Black believes that the United States "adopted a policy of 'destabilizing' the constitutional government of Brazil" and contributed to its demise in 1964. She states, "In the absence of incontestable proof, this author nevertheless finds the weight of the evidence persuasive that the United States anticipated the coup of 1964, encouraged it, intervened covertly, and was prepared to intervene overtly with arms and even troops had it appeared the conspirators faced defeat." Black outlines the features of the Brazilian political system that made it vulnerable to penetration by the United States.

United States policy in Brazil was devised in line with cold war theory and as a result of the fear of a drift toward communism under the government of João Bechior Marques Goulart. The author describes the marshaling of various forces and agencies in Brazil to pursue United States aims: weakening the Goulart government, strengthening its opponents and persuading the non-committed. She shows how aid—military and economic assistance and private investment—was used to strengthen the Brazilian business interests and the state governments headed by governors opposed to Goulart, and how, on the other hand, a credit squeeze was applied to the constitutional government. The United States Information Service and American business manipulated the media and flooded it with scare propaganda. American businessmen established an Institute for Research and Social Studies to agitate against Goulart and a "more shadowy organization known as the Brazilian Institute for Democratic Action (IBAD)," believed to be a United States Central Intelligence Agency (CIA) operation, which by its own admission pumped more than \$12 million into the 1962 Brazilian congressional and gubernatorial elections. Another United States-supported organization, the American Institute for Free Labor Development, established in 1961, sought to combat "radicalism" in the labor movement.

The peasant unrest in the poverty-ridden Brazilian Northeast became a great concern of the United States government. American diplomats feared a Castro-like revolution and therefore tried to contain the peasant movement and "nurture other leaders

and organizations over which [the United States] might exercise control" by means of aid programs in the area.

Finally, Black reviews the way the United States military cultivated the Brazilian military officials who spearheaded the coup. Many Brazilian officers had fought with American soldiers in Italy in World War II and had been trained in the United States. Colonel Vernon Walters, United States defense attaché in Brazil at the time (and later deputy director of the CIA), had served as liaison between United States and Brazilian troops in Italy and was a close friend of Castello Branco.

Mary M. Anderberg

**PERUVIAN DEMOCRACY UNDER ECONOMIC STRESS: AN ACCOUNT OF THE BELAUNDE ADMINISTRATION, 1963-1968.** *By Pedro-Pablo Kuczynski.* (Princeton, N.J.: Princeton University Press, 1977. 284 pages, preface and acknowledgments, tables, appendix, bibliography and index, \$16.50.)

Pedro-Pablo Kuczynski served as an Economic Adviser and one of the managers of Peru's Central Reserve Bank during the Belaúnde administration. He has written a valuable analytic account of the forces that shaped economic policy during that period, especially during the years of financial crisis (1966-1968) that immediately preceded the military coup that ousted the Belaúnde government. The political, economic and social trends of that period are outlined, and Belaúnde's programs for the development of Peru are reviewed.

Public expenditures in the areas of road building, port development, housing, education, water, sewerage and irrigation rose rapidly. Government revenues failed to keep pace with the rapidly increasing public spending, and the government had to resort to inflationary deficit financing. A drop in export volume and income added to the growing financial problems. And a protracted dispute with the International Petroleum Company (IPC) caused the United States to withhold aid. When Belaúnde decided to sign an agreement with the IPC and end the dispute, in order to obtain more favorable treatment from the United States, the army, which favored expropriation of the IPC, moved against him and declared the agreement null and void.

Although Belaúnde lost the presidency and constitutional government ended with the overthrow of his government, the author believes that Belaúnde's programs will have a lasting effect, particularly the

programs of road building and the opening of the eastern tropical lowlands through the *Carretera Marginal*. M.M.A.

**LATIN AMERICA: STRUGGLE FOR PROGRESS.** By *James D. Theberge and Roger W. Fontaine*. vol. 14 (Lexington, Mass.: Lexington Books, D. C. Heath and Company, 1977. 193 pages, foreword, preface, introduction, tables, maps and index, with an appendix, "Venezuela in Change," by Philip B. Taylor, Jr.)

This is the final volume in a series of 14 studies being published for the Commission on Critical Choices for Americans initiated by Nelson A. Rockefeller. M.M.A.

**THE INTER-AMERICAN DEVELOPMENT BANK AND POLITICAL INFLUENCE WITH SPECIAL REFERENCE TO COSTA RICA.** By *R. Peter DeWitt, Jr.* (New York: Praeger Publishers, 1977. 178 pages, preface, tables, appendix, selected bibliography and index, \$18.50.)

A study of the Inter-American Development Bank, its relationship to United States foreign policy and the impact of its assistance programs and policies in Costa Rica. M.M.A.

**THE COMMON LAW ZONE IN PANAMA. A CASE STUDY IN RECEPTION.** By *Wayne D. Bray*. (San Juan: Inter-American University of Puerto Rico, 1977. 150 pages, illustrations, bibliography and index, \$20.00.)

A study of the transition from civil law to common law jurisdiction in the Panama Canal Zone, "with some observations on the relevancy thereof to the Panama Canal Treaty controversy." M.M.A.

**LATIN AMERICA, A CONCISE INTERPRETIVE HISTORY.** By *E. Bradford Burns*. 2d ed. (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1977. 288 pages, preface, acknowledgments, statistical tables, glossary, a guide to paperback literature in English and index, \$7.95, paperback.)

**LATIN AMERICA. A GENERAL HISTORY.** By *John Edwin Fagg*. 3d ed. (New York: Macmillan Publishing Co., 1977. 807 pages, prefaces, maps, additional readings and index, \$14.50.)

**ERNESTO CHE GUEVARA.** By *I. Lavretsky*. Translated from the Russian by A. B. Elkof. (Moscow: Progress Publishers. 308 pages, no price given.)

**THE POVERTY OF REVOLUTION. THE STATE AND THE URBAN POOR IN MEXICO.** By *Susan Eckstein*. (Princeton, N.J.: Princeton University Press, 1977. 265 pages, tables, illustrations and index, \$17.50.)

**THE PANAMA CANAL.** By *Walter LaFeber*. (New York: Oxford University Press, 1978. 248 pages, bibliography, maps and index, \$10.95.)

**SPANISH AMERICAN IMAGES OF THE UNITED STATES.** By *John T. Reid*. (Gainesville, Florida: The University Presses of Florida, 1977. 298 pages, appendices, bibliography and index, \$15.00.)

**MEXICAN POLITICAL BIOGRAPHIES.** By *Roderic Ai Camp*. (Tucson, Arizona: The University of Arizona Press, 1976. 468 pages, \$27.50 cloth, \$8.95 paper.)

**AUTHORITARIANISM AND CORPORATISM IN LATIN AMERICA.** By *James M. Malloy*, ed. (Pittsburgh: University of Pittsburgh Press, 1977. 549 pages, bibliography and index, \$5.95 paper.)

**THE HOVERING GIANT.** By *Cole Blasier*. (Pittsburgh: University of Pittsburgh Press, 1976. 315 pages, notes and index, \$4.95 paper.)

**THE CARIBBEAN.** By *Franklin W. Knight*. (New York: Oxford University Press, 1978. 251 pages, tables and index, \$12.50 cloth, \$4.00 paper.)

**DIPLOMACY AND REVOLUTION.** By *Mark T. Gilderhus*. (Tucson, Arizona: The University of Arizona Press, 1977. 159 pages, notes and index, \$10.50 cloth, \$4.25 paper.)

**MEXICO IN TRANSITION.** By *Philip Russell*. (Austin, Texas: Colorado River Press, 1977. 176 pages, bibliography, notes and maps, \$5.95 paper.)

**MY MISSIONS FOR REVOLUTIONARY BOLIVIA, 1944-1962.** By *Vistor Andrade*. (Pittsburgh: University of Pittsburgh Press, 1977. 200 pages, and names index, \$11.95.)

**PRESIDENTIAL POWER IN LATIN AMERICAN POLITICS.** By *Thomas V. DiBacco*, ed. (New York: Praeger Publishers, 1977. 122 pages and index, \$15.00.)

**VENEZUELA: THE DEMOCRATIC EXPERIENCE.** By *John D. Martz and David J. Myers*, eds. (New York: Praeger Publishers, 1977. 406 pages, bibliography and index, \$22.50.)

**THE NATIONALIZATION OF VENEZUELAN OIL.** By *James F. Petras, Morris Morely and Steven Smith*. (New York: Praeger Publishers, 1977. 173 pages and index, \$16.50. ■

## REVOLT AND REPRESSION IN ARGENTINA

*(Continued from page 60)*

Montoneros, which could well have been rightist; the anomaly of a trade union movement that has frequently acted as a bastion of support for the political status quo. Thus there is in Argentina an apparently unintelligible contradiction of a left made up of the middle classes and a right composed to a certain degree of the working class—a society in which profound discussions of socialism continue to mask populist aspirations. ■

## RIGIDITY AND RESTRAINT IN CHILE

*(Continued from page 69)*

who were reported in the past to be missing and who remain missing.” The same United Nations special committee reports that Chilean authorities have begun a new policy: “they are frequently releasing prisoners after torture and intimidation, rather than holding them indefinitely at unknown locations.”

These reports have angered Chile’s Roman Catholic Church, one of the last bastions of open opposition to the Pinochet regime over the issue of human rights. The Church, to which 90 percent of the Chileans at least nominally belong, kept quiet in the months immediately following the coup. But during Easter, 1974, Raúl Cardinal Silva Henríquez personally handed journalists a declaration by Chilean bishops criticizing the existence of a “climate of insecurity and fear.”<sup>12</sup> It was the first open defiance to the generals in what has become a long series of confrontations between the junta and the Church.

When three Chilean Catholic bishops returning from a Church conference in Ecuador in August, 1976, were hostilely received by crowds at the Pudahuel airport in Santiago, the Catholic hierarchy accused the government of authorizing the violent demonstration and excommunicated four government officials. A statement, accompanying the excommunication order and issued with the Cardinal’s approval, warned against the danger of “omnipotent police state governments across Latin America.”

The Roman Catholic Legal Aid Service and the Roman Catholic Vicariate of Solidarity, which closely monitor Chile’s human rights violations, have been harassed by the government and by the press. Attacks on the Church have incensed the navy, which is the most conservative and the most Catholic branch of the forces, and there have been several accounts of the navy’s deliberate distancing itself from the repression conducted by Pinochet and the secret police.

<sup>12</sup>The Gazette Telegraph, “Church Remains Last Bastion in Chile,” August 31, 1977, p. 8-B.

This points to differences within the junta and within the various branches of the armed forces. Following the examples set by the Roman Catholic Church and by politicians and labor leaders, factions within the military representing the rank and file are becoming openly critical of unpopular measures taken by the government vis-à-vis the Church, the economy, and the question of human rights. Some high military officers are reportedly preparing their own files for some future day of reckoning.

Dissent within the junta also explains why the government has alternated policies of rigidity and restraint, and why it has eased repression in response to United States pressures. Thus the junta announced the release of 300 political prisoners in November, 1976; in December, it exchanged Chilean Communist party leader Luis Corvalán for Soviet dissident Vladimir Bukovsky; in July, 1977, Pinochet announced plans for a gradual return to electoral democracy by 1991; a month later, he abolished the secret police apparatus Dina.

But to offset this apparent relaxation of human rights abuse, the junta also took stringent measures during the approximate same period: in January, 1977, Chile’s main liberal magazine was taken over by a pro-junta management; in February, the Christian Democrats’ radio station was silenced; in March, the PDC and other remaining political parties were dissolved; by August, more than 500 people had disappeared and were “unaccounted for”; in September, the state of siege was renewed; and secret police work appeared to be continued by a new intelligence agency.

Despite an improved economy, in 1977 the junta found that many of Chile’s social and political problems were intractable. A government that tells its people that they are out of work because of an improvement in the economy is beginning to annoy Chileans who originally approved the coup as a radical but necessary alternative to Allende. Leaders of the Christian Democratic party, who initially welcomed the ouster of Allende, are now protesting the regime’s suppression of all political parties.

There are still no indications that the Chilean junta will be overthrown soon. But growing discontent, the opening up of the political system, the militant opposition of the Roman Catholic Church, the clandestine operations of the Chilean left, and the displeasure of foreign governments to ongoing repression are all ominous signs for the Pinochet regime. The Chilean dictatorship is not as solidly entrenched as it was immediately after the overthrow of constitutional democracy. ■

## THE CUBAN REVOLUTION

*(Continued from page 56)*

will be the degree of control that ordinary citizens

exercise over the selection of their superiors or those in leadership positions, and over the policies and procedures adopted in the relevant collectivities.<sup>11</sup> (It might be noted that some control might be exercised over policy-making through referenda or through consultation with citizens concerning new legislation without control over selection of leaders, and vice versa.) To what extent do the citizens of Cuba exercise control over who is selected for the municipal, provincial and national assemblies? To what extent do they control decision-making processes and policies in Cuba?

The following comments should shed some light on these questions.

In the new system, candidates for the Municipal Assemblies are selected by base organizations such as the Committee for the Defense of the Revolution and ANAP. Municipal deputies are then chosen from among the candidates by direct elections in which all Cubans over 16 years of age have the right to vote. Elected delegates are charged with representing the interests of their electors in a Municipal Assembly, reporting back to their electors, and "rendering accounts of their work on a regular basis to their electors and to the Assembly to which they belong."<sup>12</sup> Elected delegates can be recalled by their constituents if they are deemed not to have performed their duties. This system would seem to provide for as much democratic participation in the functioning of municipal governments as one finds in many countries.

One weakness in this arrangement, however, stems from the fact that the only organized group participating is the Communist party, which includes many of the more politically activist, better-connected, and ideologically certified citizens. For this reason, most successful candidates for office, at least in the experimental Matanzas elections of 1974—which constituted a preliminary trial of the new system—were party members. In these elections, 59 percent of the successful candidates were members of the party or the Union of Communist Youth, while for the Provincial Assembly, 75 percent were party members or Communist Youth.<sup>13</sup> Whether this phenomenon is due to the superior individual characteristics of the party members or to some sort of implicit or explicit collusion among party members in the nomination process is impossible to determine. The latter factor was probably not unimportant, however.

<sup>11</sup>This definition is borrowed from W. R. Schonfeld, "The Meaning of Democratic Participation," *World Politics*, vol. 28, no. 1 (October, 1975).

<sup>12</sup>"Constitution . . .," *op. cit.*, p. 10.

<sup>13</sup>L. Casal, "On Popular Power: The Organization of the Cuban State during the Period of Transition," *Latin American Perspectives*, vol. 2, no. 4 (Supplement, 1975), p. 83.

<sup>14</sup>This was envisaged by some observers as a primary objective of the institutional restructuring. See L. Casal, *op. cit.*, p. 81, and Economist Intelligence Unit, *Cuba, The Dominican Republic, Haiti and Puerto Rico, Quarterly Economic Review*, 1977, p. 1.

Delegates to the National Assembly are elected indirectly by the members of the Municipal Assemblies. In the 1976 elections, fully 91.7 percent of the elected deputies were members of, or aspirants to, the Communist party. Another 5 percent were members of the Union of Communist Youth, leaving 3.3 percent without a party affiliation.

These figures indicate that far from achieving a separation of the party apparatus from the organs of state,<sup>14</sup> what has happened is that the OPP, and in particular, the National Assembly, are merely providing a public and more "legitimate" forum for some of the operations of the party. The indirectly elected National Assembly, therefore, is likely to be only as democratic as the Communist party itself. There is no pretense that the party is not a centrally controlled and tightly disciplined organization.

The permanent executive organ of the National Assembly is the Council of State, the members of which are elected by the Assembly. Thirty of the thirty-one members of the Council of State are members of the Central Committee of the Communist party. Every member of the Politbureau of the Party Central Committee obtained a position in the Council of State, including the positions of President, First Vice President, Secretary and the five Vice Presidents. It is not surprising that the party heavyweights occupy the Council of State positions in view of the party predominance in the National Assembly. Party members in the Assembly appear simply to have selected their party superiors to the Council of State.

In view of the fact that virtually all Council of State members are also members of the Central Committee of the party, with key Council positions occupied by Politbureau members, it is difficult to envisage how the National Assembly could take any initiatives or adopt any policies which had not been decided upon previously within the higher echelons of the Communist party. There can be little doubt that the party domination of the National Assembly is complete. Issues brought to the Assembly, how they are to be treated and how deputies are to vote will undoubtedly be shaped, in considerable part, within the party. The operations of the party are held *in camera*, and it functions according to what is euphemistically labeled "democratic centralism," or control from the higher levels, namely, the Central Committee, its Politbureau, and the First Secretary, Fidel Castro.

The National Assembly appears to be designed by the constitution to be a surprisingly amateur legislative body. Deputies are to be unpaid, receiving only an allowance equivalent to their regular salary plus any additional expenses. They are to continue in their regular jobs except when the National Assembly is meeting. The National Assembly is to hold two regular sessions each year, with the possibility of special sessions. When the National Assembly is not in session,

the Council of State is the supreme organ, representing the Assembly and implementing its resolutions.

From the parttime nature of the role of the deputies, from the lack of resources available to deputies for legislative work, and from the brief and few sessions envisaged for the assembly, one can surmise that the ability of deputies to probe particular issue areas penetratingly will be limited. Meaningful control within the Assembly will probably be exercised by its Council of State, which, in turn, is more or less an organ of the Party Central Committee.

The predominance of party stalwarts in the Council of State, the dominance of party members as deputies and the amateur nature of the roles of the deputies in the National Assembly force one to conclude that the National Assembly is not a legislative body that can act independently of the party, control the functioning of the economy, independently scrutinize problem areas and search for solutions or make either laws or policy in an independent way. The Assembly will probably provide a much more finely tuned instrument that can be used by the revolutionary leadership to try out ideas and, perhaps, to change and modify proposals constructed within the party. The OPP consolidates the position of the revolutionary leadership in general and Castro in particular. The form of Cuban politics has changed; it is not yet clear whether the substance has changed as well.

It would thus appear that while citizens probably have substantial control over the selection of delegates to the Municipal Assemblies, this control weakens as one moves to the National Assembly and the Council of State, as a result of the indirect nature of the selection process and the role of the party. Popular control over policy-making within the National Assembly is weak for the same reasons.

It should be emphasized that the citizens should have some influence in policy-making through other mechanisms. Discussing major pieces of legislation on a nationwide basis provides one medium for influencing decision-making. Similarly, citizens are entitled to participate in the mass organizations that possess decision-making powers in specific areas and some of which have become more democratic. Citizens also theoretically play a role in the functioning of the planning system through their affiliation with particular work centers.

#### CUBA'S RELATIONS WITH THE SOVIET UNION

Cuba's economic and political relations with the Soviet Union continue to be intense and cordial. The Soviet Union came to Cuba's rescue after the United States and Latin American trade embargoes and,

probably against its better judgment, it underwrote Cuba's attempt to employ the "New Man" morality and extreme economic centralization in the attempt to produce 10 million tons of sugar. The pay-off for the Soviet Union was political: it won the firm allegiance of the Cubans in international affairs and maintained the viability of the only Communist government in the Western Hemisphere.

In the 1970's, the economic generosity of the U.S.S.R. to Cuba has continued. In trade and aid agreements announced by Castro in January, 1973, the Soviet Union postponed the repayment of debts incurred from 1961 to 1976 until after 1986; provided additional credits for development projects for 1973 to 1975; and provided for relatively high prices for Cuba's sugar and nickel exports to the Soviet Union.<sup>15</sup>

The Soviet Union also continued to ship petroleum to Cuba at less than the OPEC price from 1973 to 1977 and paid relatively high prices for Cuban sugar exports after 1975, when the world price fell. Because the prices paid and quality of Soviet exports vis-à-vis similar exports from other sources are not known, it is impossible to determine exactly how large the "aid component" of high sugar export prices and low petroleum import prices may have been. Certainly, at the present time the Cubans are grateful for the higher sugar prices — up to \$.30 per lb. — paid by the U.S.S.R.

Cuba relies on the Soviet Union as her major trading partner and as a major creditor and aid provider. The Soviet Union also appears to have had a strong influence on Cuba's economic planning system, which was redesigned with prodding and some assistance by the U.S.S.R. But Cuba has successfully diversified her trade ties with the market economies and has obtained credits from non-East European sources. Cuba appears to be free to innovate internal institutional arrangements and undertake independent initiatives in international affairs.

#### CUBAN RAPPROCHEMENT WITH THE UNITED STATES

The United States and Cuba are moving methodically towards normalization of their relationship. This is seen most clearly in the establishment on September 1, 1977, of United States and Cuban "interest sections" in the Swiss Embassy in Havana and the Czech Embassy in Washington, D.C., respectively, each in their former embassy buildings.

Both the United States and Cuba would gain economically from normalization, but perhaps from a political standpoint the United States would gain more. In economic terms, the gains to Cuba would include access to replacement parts for some pre-revolutionary United States machinery and equipment still used in nickel mining and sugar milling, for example; access to new machinery and equipment (like mineral extraction and processing machinery), which may be of lower

<sup>15</sup>See A. Ritter, *The Economic Development of Revolutionary Cuba: Strategy and Performance* (New York: Praeger, 1974).

price, better quality, or more appropriate specification than can be obtained elsewhere; lower freight costs and ability to use the Cuban transport fleet for short-haul trade; a market for nickel, sugar, traditional manufactures like cigars and rum, and potential new manufactures like baseball equipment, publications, textiles and, perhaps, some sugar cultivation equipment; and the opening up of tourism.

The major economic advantages for the United States would include access to Cuban markets for agricultural and industrial machinery and equipment and some temperate-zone foodstuffs and fodders; access to Cuban traditional exports (sugar, cigars and rum) as well as potential non-traditional exports; and access to Cuban tourist facilities.

In political terms, normalization would be advantageous to the United States because it would no longer appear as the "oppressor" bullying a small country. On the other hand, normalization would reduce or eliminate the political and moral capital of Cuba's "David" role vis-à-vis the United States Goliath.

Severe difficulties remain. At an earlier date, it appeared that extracting compensation for the properties nationalized by the Cubans would be a major obstacle to normalization. (Claims by United States firms and citizens accepted by the Cuban Claims Program of the United States Foreign Claims Settlement Commission amount to \$1.8 billion.)<sup>16</sup> Against this, however, are the claims of the Cuban government for damages inflicted by the United States trade embargo on Cuba. These two competing claims for compensation may well be simply canceled.

## CUBA IN AFRICA

A major additional obstacle to rapprochement is Cuba's role in Africa in general and Angola in particular. The United States may request some type of guarantee that Cuba will not undertake such operations in other African countries, notably Ethiopia, Zimbabwe (Rhodesia) and South Africa, and that Cuba will desist from intervening in Puerto Rican politics and in other Latin American countries. Any such guarantee would probably be impossible for the revolutionary leadership to provide, and this may constitute an insurmountable

obstacle for some years to come. The United States will probably continue to press for the release of political prisoners in Cuba. The Cuban government will likely counter this with a request that the United States government control the actions against Cuba taken by Cuban emigrants in the United States, that the United States and American companies and citizens refrain from intervening in the internal political affairs of other countries, and that the United States withdraw from Guantanamo.

## "PROLETARIAN INTERNATIONALISM" AND FOREIGN INTERVENTION

A dominant theme in Cuba's international relations since 1959 has been her commitment to assist revolutionary movements and governments to achieve national liberation and socialist revolution and to repel aggression. This "international revolutionary solidarity" or "proletarian internationalism" has manifested itself in a variety of specific actions, including aid to Latin American guerrilla groups, support for North Vietnam; establishment of the Organization for the Solidarity of Asia, Africa and Latin America for the coordination of third world anti-imperialist struggles; some technical, medical and military assistance for a variety of African countries like Guinea-Bissau, and Congo Brazzaville; offers of assistance to Marxist President Salvatore Allende's Chile; assistance and disaster relief to Jamaica, Peru and Honduras. Cuba's leadership has asserted its commitment and obligation to aid liberation and revolutionary movements throughout the world many times and the commitment is now written into the Cuban constitution.<sup>17</sup>

The most dramatic manifestation of this commitment was Cuba's successful military intervention in Angola against the guerrilla organizations that had the backing of South Africa. Whether the Cubans intervened at their own initiative or were pushed into intervention by the U.S.S.R. is not known although there is some direct as well as inferential evidence that the Cubans needed little or no persuasion because the Union of South Africa was assisting the opposing factions.

Cuban actions on behalf of movements and governments considered to be deserving will undoubtedly continue, because Cuba's long-term commitment to "international revolutionary solidarity" will not disappear. Two additional but lesser reasons also suggest that Cuban military interventions will continue. First, with a reduced domestic economic role, the Cuban military establishment can find a useful outlet for its energies and advancing professionalism through foreign military actions. Second, Fidel Castro appears to derive some satisfaction from such ventures—not surprising in view of his own experience as commandante in the revolutionary struggle from 1956 to 1958 and in the Bay of Pigs.<sup>18</sup>

The locations of future Cuban actions may be Zim-

<sup>16</sup>L. D. Bender, "U.S. Claims Against the Cuban Government: An Obstacle to Rapprochement," *Inter-American Economic Affairs*, vol. 27, no. 1 (Summer, 1973).

<sup>17</sup>"Constitution . . .," *op. cit.*, p. 3, Article 12.

<sup>18</sup>President Castro followed the Angolan struggle closely. "At the start of the war, when the situation was especially pressing, [Castro] stayed in the general staff command room as long as 14 hours at a stretch, without eating or sleeping, as if he were on a campaign. He followed the progress of the battles . . . and was in constant touch with the high command (of the MPLA)." Gabriel Garcia Marquez, quoted in "Cuba," *Latin America*, 1976, p. 104. Castro also orchestrated the 1970 sugar harvest as if it were a military campaign.

babwe (Rhodesia), Namibia (South-West Africa) and the Union of South Africa. Although armed conflagration is not inevitable in this region, it is a strong possibility. If so, the Cubans will probably be pleased to participate, despite potentially high costs in terms of human life and the diversion of real resources from other uses. Similar intervention might occur elsewhere in Africa—in Ethiopia, for example—and in Latin America.

## CONCLUSION

The internal economic and political changes introduced in the 1970's amount to a significant reorientation of Cuban society. The economic restructuring, development strategy and incentive system that have emerged should continue to improve the functioning of the Cuban economy.

The political changes that were introduced represent the beginning of a broadening of the political process. At the municipal level, the electoral system will probably provide a significant degree of popular control over the leadership selection process and substantial responsiveness on the part of the assemblies to the wishes of the constituents. This is much less likely to be the case at the level of the National Assembly. Because of the indirect election procedures, the virtually complete dominance of Communist party and Communist Youth members, the complete overlap between its executive organ and the Politbureau and the Central Committee of the party, and the amateur nature of the Assembly, it is not likely that it will, at this time, serve as a powerful legislative and policy-making body. The National Assembly does consolidate, legitimize and broaden the political base of the revolutionary leadership. In time, it may evolve into a more powerful, independent, and genuinely representative body. For this to occur soon, however, direct elections would have to be instituted, and the monopoly of the Communist party with respect to ideology, the control of the media, and the aggregation and articulation of citizens' interests would have to be broken. To eliminate the party monopoly is not likely in the near future, but it is not impossible in the long run.

In international affairs, Cuba will probably continue to maintain close ties with the Soviet Union despite her gradual rapprochement with the United States. Cuba's long-standing and deep-rooted commitment to assist revolutionary movements and governments has found a somewhat altered mode of expression in the Angolan intervention. This may be extended in the southern part of Africa, and perhaps elsewhere. ■

## BRAZIL'S MILITARY REGIME UNDER FIRE

(Continued from page 65)

cent in 1976 and only slightly more in 1977. Nevertheless, the trade deficit may be as high as \$4 billion for

1977, due primarily to the cost of oil. The cost of servicing the foreign debt continues to climb sharply and will prevent Brazil from finishing the year with a profit, even if the trade account were to show an overall gain. Total foreign debt for 1977 was estimated at nearly \$30 billion.

In numeric terms, the economic picture is not so grim as it has been in past years. Nevertheless, the discontent voiced by the workers worried about the cost of living and the availability of jobs and by the middle class suffering under the economic austerity program does not bode well for the military government's political future. The government is under constant attack from all sides and on a variety of issues. The issue of human rights has received a great deal of publicity and has become a battle cry of students, the Church, and elements of the military. Inflation, the credit squeeze, government management of the economy, and the economic austerity program with its threat of recession have all created an atmosphere of discontent among the middle class, once solidly behind the military government. President Geisel will probably finish his term in office, but his successor will inherit all his problems. The future of that President is uncertain indeed. ■

## PANAMA: NEW TREATIES OR NEW CONFLICTS

(Continued from page 76)

the National Council of the Churches of Christ, the 1976 Church of the Brethren Annual Conference, and the 65th General Convention of the Episcopal Church have all passed resolutions supporting the new treaties. And the administrative board of the United States Catholic Conference affirmed in 1975: "It is a moral imperative—a matter of elemental social justice—that a new and more just treaty be negotiated."<sup>5</sup> President David M. Blumberg of the B'Nai B'Rith has also called for a new treaty.

In addition, the ratification of the treaties has been urged by four Presidents of the United States (two Republicans and two Democrats), who understood the necessity of updating our relationship with Panama and worked toward that goal. Former Secretary of State Henry Kissinger established the guidelines for the present treaties in February, 1974, with his Panamanian counterpart, Juan Tack. A remarkable bipartisan continuity has characterized the negotiations and pervades the treaties.

The widespread opposition to the treaties in the United States rests in part on misinformation. Many politicians have not read the treaties and their amendments (from 1903 to the present). They mistakenly

<sup>5</sup>The full statement is available from the United States Catholic Conference, 1312 Massachusetts Ave. N.W., Washington, D.C. 20005.

equate the 1903 treaty and the jurisdiction it confers on the United States over the Canal Zone with the treaties signed with France, Mexico and Russia for the transfer of territory and sovereignty to the United States. These politicians confirm old myths and confuse the voters. They compound the difficult questions of international law by discussing Panama with little knowledge of her history and even less understanding of her aspirations.

Once again the simplistic accusation of "Communist" indiscriminately hurled at Panamanians and their leaders complicates efforts to understand their legitimate desires. It is charged that Torrijos or some of his advisers are irresponsible leftists; their aspirations to reunite Panama and to improve the quality of life of the Panamanians are somehow related to an international Communist "conspiracy." But the aspirations of Panamanians are nationalistic, date back to 1903, and have nothing to do with international conspiracies, Communist or otherwise. In fact, it is the far left in Panama that opposes the treaties and stands to gain if the United States Senate does not ratify them.

In the twilight years of Western imperialism, the United States could impose an unjust treaty on a weak Panama, but today international opinion regards the position of the United States in Panama as a relic of a discredited colonialism. The mandates of a previous era seem less clear as the twentieth century wanes. No self-respecting nation will enter the twenty-first century shackled by conditions imposed early in the twentieth.

Panama seeks to reunite her territory, to regain control of her principal national resource and to develop her economy. The best interests of United States diplomacy, security, commerce and investment will be served by creating a new partnership with Panama based on equality and cooperation. ■

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## THE JAMAICAN EXPERIMENT

(Continued from page 73)

families and the classless majority, with party jealousies and corruption making life intolerable.<sup>16</sup>

The Roman Catholic Archbishop, Samuel Carter, speaking at a requiem mass in honor of Senor Rodriquez Oliva, a Peruvian ambassador slain by robbers June 20, 1976, asked a poignant question:

It would seem my dear people of God, that our country

<sup>16</sup>G. Lamming, *Natives of My Skin* (New York: Collier Books, 1971), p. 49.

<sup>17</sup>*The Daily Gleaner*, June 20, 1976, p. 19.

<sup>18</sup>Lamming, *op cit.*, p. 49.

<sup>19</sup>*The New Statesman* (London), September 3, 1976, p. 779.

<sup>20</sup>*Ebony*, January, 1977, editorial.

is being brought low to its hands and knees, as in a posture of primitive existence, wanton killing, non-chalant maiming, and unreasonable destruction of homes and life, even the life of children. This is the anguish, the profound anxiety, the bitter chalice which we seem unable to avoid in recent times in Jamaica. Is there no end? Is there no solution, no cessation?<sup>17</sup>

George Lamming describes the phenomenon of the poor and displaced. They have been reduced to an army of vagabonds "so large, men made so barbarous and bitter by their hunger . . ." Nothing can escape this "savage massacre of men who battle with the swine for their daily meal."<sup>18</sup>

The Jamaican hopes for post-independence prosperity have not been fulfilled. As in Africa, these hopes were based on the assumption that British colonial power was stifling economic enterprise and that a readjustment of relationships between Britain, the United States and the former colonies would release immense energies that could be harnessed for economic growth. Immense energies were released, but the problems of unemployment, social adjustment, foreign exchange and poverty remain, not only in Jamaica but in the metropolitan countries to which Jamaica looked for leadership. This is what prompts the third world leaders to look for alternatives.

A sober examination of the "free world" economies disillusion even the most fanatical optimist. The British economy, which for two centuries was the bulwark of the "free world," is literally facing bankruptcy.<sup>19</sup> Twenty years ago, bankruptcy was conceivable only in the "banana republics" of the Caribbean and Latin America. In the United States, the reality of high unemployment is exercising the best minds of the nation. Even more significant, since 1948, with black soldiers returning to the job market, a persistent average of 15 percent black unemployment rate per annum has been registered.<sup>20</sup> The significance of the Jamaican experiment is that, along with other third world countries, Jamaica has realized that salvation ought to come from within, not from other countries.

## A TRAGEDY UNFOLDING

It is now a year since Michael Manley won reelection to serve for his second five-year term as Prime Minister of Jamaica. Unfortunately, the close of the year 1977 witnessed increased insecurity and a very violent polarization of society as a whole.

The vociferous attack on capitalism has increased in intensity, leaving the business community with a sense of hopelessness in a sea of the ideologically hostile poor. Historically, the slum dwellers have lived peaceably with their wealthy neighbors since the age of slavery. Manley's calculated mass education program, intended to raise political consciousness, has inflamed class hostilities that were otherwise hidden. Ronald S. Sasso, chairman of the Royal Bank of Jamaica, confessed to his fellow businessmen that he too is a victim of that

feeling of futility which appears to be spreading in many areas of our society today.<sup>21</sup> The ever increasing hold of government regulations on money and investment has tempted native-born businessmen to flee the country. The control of foreign currency and the devaluations of the Jamaican dollar make it very difficult for foreigners working in Jamaica to transfer their pay abroad. Each adult in a Jamaican-born family cannot take away more than \$200, which can cause untoward misery among those who want to leave.<sup>22</sup>

Increasing political and criminal violence is possibly the single cause of insecurity and a growing sense of futility of life in Jamaica. In addition, despite unprecedented efforts on the part of the Jamaican government since 1972 to create new jobs and opportunities, the unemployment rate has been steadily rising. The unemployed and destitute, who, if the author's calculations are correct, number at least one-third of the total Jamaican population, constitute a "French revolutionary mob," which with each election will become increasingly uncompromising, until no middle ground is left.

<sup>21</sup>An address by R. S. Sasso, Chairman of the Royal Bank of Jamaica, September 8, 1977.

<sup>22</sup>*Instructions to Jamaicans Visiting Abroad* (Jamaica: Jamaica Tourist Board), January, 1977.

## U.S. POLICY AND LATIN AMERICAN REACTION

(Continued from page 52)

One consequence of the continuing Latin American inability to gain increasing access to the United States market (as well as to the European Common Market) has led to their growing efforts, regardless of ideological preference, to elevate trade with the Eastern bloc. Such efforts have proved relatively fruitless, but they may produce greater benefits in the next few years, as the governments of East Europe and the Soviet Union upgrade the standard of living of their populations. Another consequence of United States trade policy has been increased trade among the nations of Latin America, regardless of the relative failure of the Latin American Free Trade Area (LAFTA), the Central American Common Market, and the Andean Pact. While the larger and more highly industrialized nations have clearly benefited from this increase in intra-regional trade, all participants have probably found it advantageous. Whether the "discovery" of regional markets can make up for the difficulty of entering the United States market and most of West Europe is, at this time, doubtful. It would require, among other things, a drastic growth in the purchasing power of most of the region's inhabitants; unfortunately, the opposite has been happening in a number of Latin American countries during most of the present decade.

A new legal basis for the Panama Canal and the Canal Zone has been under negotiation for some time;

the details are discussed elsewhere in this issue. President Carter has been given the not altogether welcome opportunity to sign them and put them into effect. While it is difficult to generalize about the attitude of Latin American political leaders toward the Canal, through the years they have come to accept United States domination of the Central American and Caribbean countries as a consequence of geopolitical reality. They have also regarded the legal relationship outlined in the existing treaty as one-sided and unfair to Panama. Thus, the treaties signed in 1977 and currently before the United States Senate are considered a reasonable solution.

This troublesome regional controversy and its balanced solution do not appear to affect the national interests of many of the Latin American countries directly. For those few countries that have national merchant marines, the most important items are unrestricted and nondiscriminatory use of the facility; the new treaties do not differ from the old document in this respect. The active role of Panama in their drafting and ratification increases the chances of continuous peaceful operation. The probable toll increase does not appear to be a major concern, since its incidence in the total shipping costs is minor. Thus the new treaties are perceived as a positive contribution to better relations, but not as a major element in those relations. Refusal to ratify the treaties by the United States Senate, on the other hand, will signal a deterioration of relations.

These items do not exhaust the catalogue of issues in inter-American relations (a country-by-country treatment is required to do them justice); but they convey a vision of what could be called "maturity" or "staleness," depending on one's point of view. The countries of Latin America, with the exception of Cuba, are currently ruled by essentially conservative governments, although their conservatism and legitimacy vary widely. Even the Castro regime is moving toward domestic institutionalization and seeks an accommodation with the United States and a place in the inter-American system. As human rights violations are toned down (or are covered up more efficiently), no major controversies appear on the horizon; considering the demands placed on the United States by other parts of the world, the continuation of its policy of "benign neglect" is prudent and perhaps in the best interest of all concerned.

Political stability tends to convey a vision of permanency not always in agreement with careful forecasting. Continuing balance of payments difficulties, crop failures, sudden downward shifts of raw material prices, further denial of markets, the death of established leaders, and the replacement of existing ruling elites, either by election or force, have the potential for initiating instability. Changes of this type are likely to force the United States government to become more active; they will probably signal the end of the policy of "benign neglect."

## THE PANAMA CANAL TREATIES

(Continued from page 80)

agement, operation and maintenance of the Canal remaining in the Republic of Panama.

### ARTICLE XIV

#### Settlement of Disputes

In the event that any question should arise between the Parties concerning the interpretation of this Treaty or related agreements, they shall make every effort to resolve the matter through consultation in the appropriate committees established pursuant to this Treaty and related agreements, or, if appropriate, through diplomatic channels. In the event the Parties are unable to resolve a particular matter through such means, they may, in appropriate cases, agree to submit the matter to conciliation, mediation, arbitration, or such other procedure for the peaceful settlement of the dispute as they may mutually deem appropriate.

### THE PERMANENT NEUTRALITY AND OPERATION OF THE PANAMA CANAL

The United States of America and the Republic of Panama have agreed upon the following:

#### ARTICLE I

The Republic of Panama declares that the Canal, as an international transit waterway, shall be permanently neutral in accordance with the regime established in this Treaty. The same regime of neutrality shall apply to any other international waterway that may be built either partially or wholly in the territory of the Republic of Panama.

#### ARTICLE II

The Republic of Panama declares the neutrality of the Canal in order that both in time of peace and in time of war it shall remain secure and open to peaceful transit by the vessels of all nations on terms of entire equality, so that there will be no discrimination against any nation, or its citizens or subjects, concerning the conditions or charges of transit, or for any other reason, and so that the Canal, and therefore the Isthmus of Panama, shall not be the target of reprisals in any armed conflict between other nations of the world.

\* \* \*

#### ARTICLE III

1. For purposes of the security, efficiency and proper maintenance of the Canal the following rules shall apply:

(a) The Canal shall be operated efficiently in accordance with conditions of transit through the Canal, and rules and regulations that shall be just, equitable and reasonable, and limited to those necessary for safe navigation and efficient, sanitary operation of the Canal;

(b) Ancillary services necessary for transit through the Canal shall be provided;

(c) Tolls and other charges for transit and ancillary services shall be just, reasonable, equitable and consistent with the principles of international law;

(d) As a pre-condition of transit, vessels may be required to establish clearly the financial responsibility and guarantees for payment of reasonable and adequate indemnification, consistent with international practice and standards, for damages resulting from acts or omissions of such vessels when passing through the Canal. In the case of vessels owned or operated by a State or for which it has acknowledged responsibility, a certification by that State that it shall observe its obligations under international law to pay for damages resulting from the act or omission of

such vessels when passing through the Canal shall be deemed sufficient to establish such financial responsibility;

(e) Vessels of war and auxiliary vessels of all nations shall at all times be entitled to transit the Canal, irrespective of their internal operation, means of propulsion, origin, destination or armament, without being subjected, as a condition of transit, to inspection, search or surveillance. However, such vessels may be required to certify that they have complied with all applicable health, sanitation and quarantine regulations. In addition, such vessels shall be entitled to refuse to disclose their internal operation, origin, armament, cargo or destination. However, auxiliary vessels may be required to present written assurances, certified by an official at a high level of the government of the State requesting the exemption, that they are owned or operated by that government and in this case are being used only on government non-commercial service.

\* \* \*

#### ARTICLE IV

The United States of America and the Republic of Panama agree to maintain the regime of neutrality established in this Treaty, which shall be maintained in order that the Canal shall remain permanently neutral, notwithstanding the termination of any other treaties entered into by the two Contracting Parties.

#### ARTICLE V

After the termination of the Panama Canal Treaty, only the Republic of Panama shall operate the Canal and maintain military forces, defense sites and military installations within its national territory.

#### ARTICLE VI

1. In recognition of the important contributions of the United States of America and of the Republic of Panama to the construction, operation, maintenance, and protection and defense of the Canal, vessels of war and auxiliary vessels of those nations shall, notwithstanding any other provisions of this Treaty, be entitled to transit the Canal irrespective of their internal operation, means of propulsion, origin, destination, armament or cargo carried. Such vessels of war and auxiliary vessels will be entitled to transit the Canal expeditiously.

2. The United States of America, so long as it has responsibility for the operation of the Canal, may continue to provide the Republic of Colombia toll-free transit through the Canal for its troops, vessels and materials of war. Thereafter, the Republic of Panama may provide the Republic of Colombia and the Republic of Costa Rica with the right of toll-free transit.

#### ARTICLE VII

1. The United States of America and the Republic of Panama shall jointly sponsor a resolution in the Organization of American States opening to accession by all nations of the world the Protocol to this Treaty whereby all the signatories will adhere to the objectives of this Treaty, agreeing to respect the regime of neutrality set forth herein.

2. The Organization of American States shall act as the depositary for this Treaty and related instruments.

#### ARTICLE VIII

This Treaty shall be subject to ratification in accordance with the constitutional procedures of the two Parties. The instruments of ratification of this Treaty shall be exchanged at Panama at the same time as the instruments of ratification of the Panama Canal Treaty, signed this date, are exchanged. This Treaty shall enter into force, simultaneously with the Panama Canal Treaty, six calendar months from the date of the exchange of the instruments of ratification.

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# THE MONTH IN REVIEW

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*A Current History chronology covering the most important events of December, 1977, to provide a day-by-day summary of world affairs.*

## INTERNATIONAL

### Arms Control

(See also *North Atlantic Treaty Organization*)

- Dec. 5—Representatives of the U.S., the Soviet Union and the United Kingdom resume negotiations in Geneva for an agreement that would outlaw nuclear weapons testing.
- Dec. 12—The U.S. and the Soviet Union adjourn talks in Geneva, saying that a self-imposed limitation of their military activities in the Indian Ocean is a mutual interest.
- Dec. 14—The U.S. State Department announces that U.S. and Soviet negotiators met today in Washington, D.C., to discuss the international arms trade.

### Belgrade Conference

- Dec. 22—The 35-nation European conference adjourns until January 17.

### International Nuclear Fuel Cycle Evaluation

- Dec. 16—Representatives of 40 countries meet in Vienna to discuss the peaceful uses of atomic energy.

### Middle East

(See also *U.N.*)

- Dec. 2—Arab leaders from Libya, Syria, Algeria, Iraq, Southern Yemen and the Palestine Liberation Organization (PLO) meet in Tripoli, Libya, to discuss their opposition to Egyptian President Anwar Sadat's policies on the Middle East and to determine a course of action.
- Dec. 4—Jordan's King Hussein says he will attempt to mediate between Egyptian President Sadat and Syrian President Hafez al-Assad to restore a common Middle East negotiating position.

At the meeting in Tripoli, PLO leaders urge the formation of "a confrontation and resistance front" against President Sadat because of his peacemaking journey to Israel.

- Dec. 5—In retaliation against the efforts of hard-line Arab leaders to prevent Egyptian President Sadat from negotiating with Israel, Egypt breaks off diplomatic relations with Syria, Iraq, Libya, Algeria and South Yemen.

Leaders of Syria, Libya, Algeria, the PLO and South Yemen set up a "front for resistance and confrontation" to combat Egyptian peace initiatives; Iraq does not join the front.

- Dec. 6—In an interview in Cairo, Sadat declares that he is prepared to carry on negotiations for peace in the Middle East alone if necessary; he also accuses the Soviet Union of disruptive plotting in the Middle East.
- Dec. 7—Jordan's King Hussein meets in Damascus with Syrian President Assad in an effort to improve Syria's relations with Egypt.

At a news conference in London concluding a 6-day visit, Israeli Prime Minister Menahem Begin says that Israel is willing to sign a separate peace treaty with Egypt.

- Dec. 10—In a published report, Saudi Arabian King Khalid calls for Arab unity.

- Dec. 14—Israeli and Egyptian negotiators open a conference in Cairo to discuss peace in the Middle East; the U.S. and the U.N. are represented; Jordan, Lebanon, Syria, the PLO and the Soviet Union are not represented.

- Dec. 15—U.S. Secretary of State Cyrus Vance returns to Washington, D.C., and reports to U.S. President Jimmy Carter that the Israeli government is "rethinking" its reasons for holding territory on the Jordan River's West Bank.

- Dec. 16—In Washington, D.C., Israeli Prime Minister Menahem Begin meets with U.S. President Jimmy Carter at the White House and outlines Israeli proposals for the Cairo peace conference.

- Dec. 19—Israeli rightists and West Bank Arabs disagree with Prime Minister Begin's proposals for the Jordan River's West Bank.

- Dec. 24—Prime Minister Begin flies to Egypt to present his peace proposals to Egyptian President Sadat.

- Dec. 26—Concluding 2 days of talks in Ismailia, Egypt, Prime Minister Begin and President Sadat do not reach agreement on main issues but agree to continue to negotiate for peace in the Middle East.

Meeting in Beirut, the executive committee of the PLO says that President Sadat has forsaken the Palestinians.

- Dec. 27—President Sadat says again that he will call for full Israeli withdrawal from occupied territories and for the creation of a Palestinian state.

- Dec. 28—Referring to Arab demands for an independent Palestinian state, President Carter says that he hopes there will "not be a fairly radical new independent nation in the heart of the Middle East."

Begin tells the Knesset that Israeli forces must remain on the West Bank of the Jordan and in the Gaza Strip.

Sadat asks Israel to "reconsider the whole [Middle East] situation," noting that his visit to Jerusalem and Begin's visit to Ismailia have opened new approaches to the Middle East problem.

- Dec. 29—In Cairo, Sadat says he is "disappointed" in President Carter's statement opposing an independent Palestinian state.

In Jerusalem, Begin approves President Carter's opposition to an independent Palestinian state.

- Dec. 31—In Cairo, Egyptian Foreign Minister Mohammed Ibrahim Kamel reveals the terms of Egypt's proposed peace plan.

### North Atlantic Treaty Alliance (NATO)

- Dec. 8—Addressing the 2-day year-end meeting of the ministers of the 15-member NATO alliance, U.S. Secretary of State Cyrus Vance asks for NATO support in the coming arms negotiations between the U.S. and the Soviet Union.

### Organization of Petroleum Exporting Countries (OPEC)

- Dec. 21—The Organization of Petroleum Exporting

Countries concludes a meeting in Caraballeda, Venezuela; the group did not agree on price rises for crude oil and consequently did not raise oil prices.

### United Nations

- Dec. 13—U.N. Secretary General Kurt Waldheim denies an Egyptian request for a U.N. representative to preside at the Cairo peace conference.  
Dec. 16—By 113-0 vote with 10 abstentions, the General Assembly votes to ask the Security Council to impose an oil embargo against South Africa.  
Dec. 21—The General Assembly ends its 32d session after adopting a \$986-million budget for the next 2 years.

### ALGERIA

(See *Intl, Middle East; Mauritania*)

### ARGENTINA

- Dec. 21—In Buenos Aires, Admiral Eduardo Massera calls on the military junta to fulfill its 1976 promise to reduce the powers of President Jorge Videla.

### AUSTRALIA

- Dec. 10—Nationwide parliamentary elections are held.  
Dec. 11—Election returns give the Liberal party of Prime Minister Malcolm Fraser a two-thirds majority in the 125-member House of Representatives.  
In the wake of his party's defeat, former Prime Minister Gough Whitlam resigns as leader of the opposition Labor party.  
Dec. 22—Glen Sheil, a newly appointed Cabinet minister, is dismissed from his post because of his advocacy of South Africa's apartheid system for Australian aborigines.  
William Hayden is elected leader of the Labor party.

### BANGLADESH

- Dec. 22—President Ziaur Rahman arrives in Islamabad, Pakistan, for talks with head of the military government General Mohammad Zia ul-Haq; this is the 1st official visit to Pakistan by a Bangladeshi since 1971.

### BERMUDA

- Dec. 2—In Hamilton, 2 convicted murderers, Erskine Burrows (who was convicted of the 1973 murder of Governor Richard Sharples and 2 business executives) and Larry Tacklyn (also convicted of the murder of the 2 executives) are hanged. Both men are black.  
Governor Peter Ramsbotham declares a state of emergency and imposes an indefinite curfew after 24 hours of rioting by blacks who are protesting the executions.  
Dec. 3—The government requests the assistance of British troops to curb the continuing rioting.  
Dec. 4—260 British soldiers arrive at the U.S. Navy air station.  
Dec. 6—As calm is restored, the curfew is relaxed and 80 British soldiers leave the island.  
Dec. 9—The curfew is lifted.

### BOLIVIA

- Dec. 9—A government spokesman reports that an attempted coup by civilians and military officers has been quashed.

### CAMBODIA

(See *Thailand*)

### CANADA

- Dec. 2—In Quebec, Prime Minister Pierre Elliott Trudeau confers with Quebec Premier René Lévesque for the first time. Lévesque agrees to attend a conference for provincial premiers next year.  
Dec. 19—In Ottawa, External Affairs Minister Don Jamieson announces trade restrictions against South Africa because of her apartheid policies; the government is withdrawing commercial consuls from Johannesburg and Cape Town and is ending Canadian financing of the Export Development Corporation.  
Dec. 22—Defense Minister Barnett J. Danson announces a \$1.5-billion government plan to upgrade Canada's naval facilities.  
Dec. 31—In a taped television interview, Prime Minister Trudeau says he would use force in the event of any "illegal" move by the separatist government of Quebec to gain independence.

### CENTRAL AFRICAN EMPIRE

- Dec. 4—In an elaborate ceremony reportedly costing \$22 million, Jean-Bedel Bokassa is crowned Emperor. Bokassa proclaimed himself Emperor in 1976.

### CHILE

- Dec. 3—President Augusto Pinochet sentences 7 labor leaders to confinement in remote mountain villages claiming that they are agents of an international conspiracy against his military government.  
Dec. 21—President Augusto Pinochet calls for a nationwide referendum on January 4, 1978, to determine whether the people support the U.N. resolution condemning Chile's human rights record or the policies of his military government.  
Dec. 28—Controller General Hector Humerez declares that Pinochet's call for a referendum has no legal basis. On December 23, a member of the ruling military junta, General Gustavo Leigh Guzmán, stated that the referendum would be illegal and that it might harm the military.  
Dec. 31—The National Conference of Bishops issues a statement calling for the suspension or postponement of the planned referendum.

### CUBA

- Dec. 23—It is reported that the government has released 15 political prisoners in the last few days; the prisoners began serving time during the 1960's.  
Dec. 25—In an address to the National Assembly, President Fidel Castro says that the issue of Cuban troops being sent to African countries is not negotiable with the U.S. and that Cuba will continue to help black African liberation movements.

### CYPRUS

- Dec. 15—In Nicosia, Achilleas Kyprianou, son of Cypriot President Spyros Kyprianou, is kidnapped by extremists believed to be members of EOKA-B, an underground movement advocating the political merger of Cyprus and Greece. The kidnappers are demanding amnesty for jailed members of the EOKA-B in exchange for Kyprianou's release.  
Dec. 18—After President Kyprianou promises that the kidnappers will not be punished, his son is released unharmed.

### DJIBOUTI

- Dec. 17—Prime Minister Ahmed Dini and 4 Cabinet

ministers resign 6 months after taking office. Dini and the other Cabinet ministers, members of the Afar tribe, charge that the government is guilty of "tribal oppression."

## EGYPT

(See also *Intl, Middle East, U.N.; U.S., Foreign Policy*)

Dec. 4—President Anwar Sadat names the members of the delegation that will attend the talks with Israel in Ismailia.

Dec. 7—In an attempt to stifle the criticisms of President Sadat's peace initiative, the government closes the Cairo cultural centers of the Soviet Union, Czechoslovakia, East Germany and Hungary.

## ETHIOPIA

Dec. 13—U.S. State Department officials report that the Soviet Union is airlifting military supplies and matériel to the Ethiopian government.

Dec. 27—Eritrean rebels report that the Ethiopian-held town of Massawa in Eritrea is under attack. They report that nearly 2,000 government troops were killed in fighting in the last 2 weeks.

## FRANCE

(See *Mauritania; U.K.*)

## GERMANY, WEST

Dec. 12—The conservative *Frankfurter Allgemeine Zeitung* reports that the 3 people arrested in 1976 on espionage charges had access to more than 1,000 classified military documents.

Dec. 13—Following reports of the extent of the spy ring in the Defense Ministry, Defense Ministry official Georg Leber is suspended from his post.

## INDIA

Dec. 11—Prime Minister Morarji R. Desai leaves Nepal after a 2-day visit with Nepalese Prime Minister Kirtinidhi Bista; a joint communiqué is issued describing their agreement on a range of topics. No mention is made of Nepal's desire to be recognized as a "peace zone."

Dec. 18—Former Prime Minister Indira Gandhi resigns from the executive committee of the Congress party, claiming that the party committee is not doing enough to help the Indian people.

Dec. 20—By a vote of 318 to 1, the lower house of Parliament approves constitutional amendments rescinding the power given the government during the state of emergency declared by Prime Minister Gandhi.

Dec. 27—7 members of the 20-member national executive committee of the Congress party resign; they plan to hold a rival convention to select party leadership.

## INDONESIA

(See also *U.S., Foreign Policy*)

Dec. 20—The government reports that it has released 10,000 political prisoners, some of whom have been held for 12 years without trial for their role in an attempted Communist coup in 1965.

## ISRAEL

(See also *Intl, Middle East; U.S., Foreign Policy*)

Dec. 2—Prime Minister Menahem Begin begins a 6-day visit in London.

Dec. 4—In London, Prime Minister Begin meets with British Prime Minister James Callaghan.

Dec. 22—The Knesset votes unanimously to endorse Prime

Minister Begin's proposed peace plan for the Israeli-occupied Arab territories of the West Bank of the Jordan River and the Gaza Strip. He is expected to propose the plan to Egyptian President Anwar Sadat on December 25 in Ismailia.

Dec. 27—Prime Minister Begin reports to the Cabinet on his discussions with Sadat in Ismailia.

Dec. 28—Prime Minister Begin submits his peace plan to the Knesset. After a lengthy debate, the Knesset votes 64 to 8, with 40 abstentions, to support Begin's plan for "self-rule" for Arabs living in Israeli-occupied territories.

## JAMAICA

Dec. 16—Prime Minister Michael N. Manley meets with U.S. President Jimmy Carter in Washington, D.C. They reportedly discuss Cuba's involvement in Africa.

## JAPAN

(See also *U.S., Foreign Policy*)

Dec. 2—In Washington, D.C., Naohiro Amaya, a senior member of the Ministry of International Trade and Industry, announces his government's decision to accept the U.S. proposal to establish minimum prices on imported steel.

Dec. 14—In Tokyo, the new trade measures are made public; they include tariff reductions and import quota expansions but retain restrictions on imports of 27 categories of agricultural and manufactured goods.

Dec. 16—The Finance Ministry releases preliminary figures that show a trade surplus of \$1.03 billion for November.

## JORDAN

(See also *Intl, Middle East*)

Dec. 19—Following talks with Saudi officials in Riyadh, King Hussein leaves for a tour of Persian Gulf capitals. He is expected to go to Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman to discuss the proposals made by Egypt and Israel for a Middle East peace.

## KENYA

Dec. 12—President Jomo Kenyatta imposes a ban on the sale of game skins and trophies. The ban goes into effect in 3 months.

## KOREA, NORTH

Dec. 15—The 6th Supreme People's Assembly reelects Kim Il Sung as President and elects Li Jong-ok as Prime Minister.

## KOREA, SOUTH

(See also *U.S., Political Scandal*)

Dec. 20—President Park Chung Hee shuffles his 20-member Cabinet for the third time since 1975.

## KUWAIT

Dec. 31—Sheik Sabah al-Salem al-Sabah, leader of Kuwait, dies of a heart attack. He is succeeded by Crown Prince Jaber al-Ahmed al-Sabah.

## LEBANON

(See also *Intl, Middle East*)

Dec. 13—U.S. Secretary of State Cyrus R. Vance arrives in Beirut for talks with Lebanese officials.

## MAURITANIA

Dec. 15—In Paris, French President Valéry Giscard

d'Estaing reports that Polisario guerrilla leaders have agreed to release the 8 French hostages they captured in raids on a Mauritanian mining center last year.

Dec. 22—A spokesman for the Algerian-backed Polisario front claims that French jets bombed Polisario guerrilla forces in Mauritania in December.

Dec. 23—The French government, which supports Mauritania against the Polisario rebels, confirms reports that its airforce flew attack missions in Mauritania against the guerrillas.

In Algeria, Polisario guerrillas release the 8 French hostages to U.N. Secretary General Kurt Waldheim, who accompanies them to Paris.

## MEXICO

(See also *U.S., Foreign Policy*)

Dec. 15—The government presents its budget for 1978; it calls for a 5 percent growth rate in the economy, with emphasis on capital investment.

## NAMIBIA

Dec. 2—In Pretoria, talks on the future of Namibia resume between South Africa and the 5 Western nations of the U.N. Security Council.

## NEPAL

(See *India*)

## NETHERLANDS

Dec. 8—Queen Juliana asks Andreas van Agt, leader of the Christian Democrats, to form a new government.

Dec. 16—Agt is sworn in as Prime Minister along with 16 members of his center-right coalition Cabinet; the country has been without a Cabinet for 7 months.

## PAKISTAN

(See also *Bangladesh*)

Dec. 7—The government orders the release of 30 journalists who have been in prison since they staged a hunger strike in October to protest the closing of an Urdu-language newspaper.

Dec. 27—Nusrat Bhutto, wife of former Prime Minister Zulfikar Ali Bhutto, is placed under house arrest until January 10.

## PHILIPPINES

Dec. 17—A nationwide referendum is held on the question of whether President Ferdinand Marcos should remain in office.

Dec. 18—90.7 percent of the voters agree that Marcos should retain the presidency.

## POLAND

(See also *U.S., Foreign Policy*)

Dec. 17—In Warsaw, Prime Minister Piotr Jaroszewicz announces 2 Cabinet changes and the dismissal of Deputy Prime Minister Kasimierz Olszewski.

Dec. 29—U.S. President Jimmy Carter arrives in Warsaw on the first stop of his 9-day, 6-nation tour. He is met at the airport by Communist party leader Edward Gierek.

## PORTUGAL

Dec. 8—Prime Minister Mário Soares and his Socialist party are defeated 159 to 100 on a motion of confidence in the National Assembly.

Dec. 28—President António Ramalho Eanes asks Mário Soares to form a new government.

## RHODESIA

(See also *Zambia*)

Dec. 2—In Salisbury, Prime Minister Ian Smith meets with black nationalist leaders Elliott Gabellah, delegate of the African National Council, and Jeremiah Chirau, head of the Zimbabwe United People's Organization.

Dec. 4—In London, African National Council leader Ndabaningi Sithole meets with British Foreign Secretary David Owen.

Dec. 8—In Maputo, it is announced that black nationalist leaders Robert Mugabe and Joshua Nkomo will not attend a conference in London called by Foreign Secretary Owen.

Dec. 9—Prime Minister Smith meets with black nationalist leaders Abel Muzorewa, president of the African National Council, Sithole and Chirau. Mugabe and Nkomo boycott the talks.

## SAN MARINO

Dec. 19—The Communist party is asked to form a government.

Dec. 30—The Communists fail to form a new government. The Socialist party is expected to try to form a coalition government.

## SAUDI ARABIA

(See also *Intl, Middle East; Jordan*)

Dec. 8—In Riyadh, Syrian President Hafez al-Assad meets with King Khalid to discuss Egypt's role in the Middle East peace talks.

Dec. 20—The government announces its plans to upgrade the armed forces; no comment is made on the recent talks between Egypt and Israel.

## SOUTH AFRICA

(See also *Intl, U.N.*)

Dec. 1—In yesterday's nationwide election, Prime Minister John Vorster's National party wins 134 seats in the 165-seat National Assembly, a gain of 18 seats.

Dec. 2—The official inquest into the death of black leader Stephen Biko is concluded; Pretoria magistrate Martinus J. Prins rules that the police had no responsibility for Biko's death.

In Washington, D.C., State Department spokesman Hodding Carter III says, "We are shocked by the verdict in the face of compelling evidence at the least that Stephen Biko was the victim of flagrant neglect and official irresponsibility."

Dec. 3—The government grants "independence" to the Bophuthatswana black homeland.

## SPAIN

Dec. 31—Prime Minister Adolfo Suarez approves a measure granting limited self-rule to the Basque provinces of Vizcaya, Alava and Guipuzcoa. An agreement is reached to hold a referendum in Navarre province to determine if Navarre will join with the other 3 Basque provinces in a Grand Council.

## SUDAN

(See *U.S., Foreign Policy*)

## SWITZERLAND

Dec. 4—In a national referendum, proposals to exempt conscientious objectors from the army and to make income taxes uniform are rejected by the electorate.

## SYRIA

(See *Intl, Middle East; Saudi Arabia; U.S., Foreign Policy*)

## THAILAND

Dec. 22—Prime Minister Kriangsak Chamanand leaves Bangkok for a tour of the border area that has recently been the scene of fighting between Cambodian and Thai troops.

## TURKEY

Dec. 11—The coalition government of Prime Minister Suleyman Demirel loses its majority in the National Assembly as a result of local elections.

Dec. 14—2 members of Demirel's Justice party resign, bringing the total resignations to 5 since the party lost in local elections.

Dec. 31—In the National Assembly, the coalition government of Prime Minister Suleyman Demirel is defeated 228 to 218 on a vote of confidence.

## U.S.S.R.

(See also *Intl, Middle East; Egypt; U.S., Foreign Policy*)

Dec. 10—On U.N.-designated Human Rights Day, the government places under house arrest 20 dissidents who were reportedly planning to commemorate the day with a silent vigil.

Soyuz 26 is launched with two astronauts; the spacecraft is expected to dock with a space station, Salyut 6, within the next 2 days.

Dec. 11—Soyuz 26 docks successfully with Salyut 6.

Dec. 14—Economic planner Nikolai K. Baibakov presents the government's economic proposals to the Supreme Soviet; the plan envisages a low growth rate in heavy industrial production, anticipating low energy production in 1978.

Dec. 25—*Pravda*, the Communist party newspaper, reports that the government will not attend a Geneva conference on the Middle East if the conference is called merely to ratify an agreement being worked out between Egyptian President Anwar Sadat and Israeli Prime Minister Begin in Ismailia.

## UNITED KINGDOM

### Great Britain

(See also *Israel; Rhodesia*)

Dec. 13—The House of Commons votes 319 to 222 to establish an electoral system for its representatives to a European Parliament based on the American winner-take-all system rather than on the proportional system advocated by Prime Minister James Callaghan.

In London, Prime Minister Callaghan and French President Valéry Giscard d'Estaing end 2 days of talks on economic cooperation.

Dec. 21—Prime Minister Callaghan makes a surprise visit to Belfast, Northern Ireland.

## UNITED STATES

### Administration

Dec. 1—Secretary of Health, Education and Welfare Joseph Califano, Jr., announces regulations establishing new standards for all sterilization operations performed on women with Medicaid and Medicare funds; the regulations are designed to prevent overzealous officials from forcing women to have the operation.

Dec. 2—Central Intelligence Agency director Admiral Stansfield Turner announces new department regulations forbidding the employing of American reporters or

employees of news-gathering agencies as "adjuncts" of the CIA.

Dec. 6—Under Secretary of the Treasury Anthony Solomon makes public a 35-page report outlining administration proposals to use loan guarantees, tax breaks and other aid to protect the steel industry from low priced foreign competition.

Dec. 8—U.S. district court Judge John Lewis rules that 33,000 transcript pages of the telephone calls made by Secretary of State Henry Kissinger while he was a government official are public property and are not Kissinger's personal property.

Dec. 10—To protest the Carter administration's farm policies, members of the American Agriculture Movement take part in tractor motorcades and demonstrations in Washington, D.C., and more than 30 state capitals.

Dec. 21—State Department officials say that U.S. Ambassador to Portugal Frank Carlucci will be appointed as deputy director of the CIA.

State Department officials report that President Carter has agreed to the emergency admission of 7,000 Vietnamese refugees to this country.

Dec. 27—President Carter announces the appointment of James T. McIntyre as director of the Office of Management and Budget; McIntyre has served as acting director since the resignation of director Bert Lance on September 21.

Dec. 28—President Carter names G. William Miller to replace Arthur F. Burns as chairman of the Federal Reserve Board on February 1. Burns will remain as a governor of the board until January 31, 1984.

### Economy

(See also *Labor and Industry*)

Dec. 2—The Labor Department reports an unemployment rate of 6.9 percent for November.

Dec. 8—The Labor Department reports a rise of 0.7 percent in the wholesale price index for November.

Dec. 20—The Commerce Department reports that the gross national product (GNP) rose to 5.1 percent for the 3d quarter of 1977.

Dec. 21—The Department of Labor reports an increase in the consumer price index for November of 0.5 percent.

The Commerce Department reports a \$4.3-billion deficit in the international balance of payments for the 3d quarter.

### Foreign Policy

(See also *Intl, Middle East; Jamaica; Japan*)

Dec. 3—Secretary of State Cyrus Vance meets in Washington, D.C., with Israeli Ambassador Simcha Dinitz to discuss Middle East developments.

Dec. 4—Under Secretary of State for Political Affairs Philip Habib flies to Moscow via London as "part of the continuing consultation between the United States and the Soviet Union on the Middle East."

Dec. 7—The Agriculture Department announces that the United States will sell \$170-million worth of wheat to Egypt for delivery through September, 1978.

Dec. 9—Secretary of State Cyrus Vance arrives in Cairo to start a 6-day trip to the Middle East.

Under the terms of a prisoner exchange treaty with Mexico, signed 10 days ago, the first 61 Americans who were convicted and sentenced to jail in Mexico arrive in California to be transferred to U.S. prisons; an additional 174 Americans, sentenced and jailed in Mexico, will also be transferred.

Dec. 10—In Cairo, Secretary of State Cyrus Vance receives assurances from Egyptian President Anwar Sadat that the scheduled Cairo peace conference will be only a preliminary to a Geneva peace conference and that Egypt and Israel will not sign a separate peace treaty.

Dec. 11—Japanese Minister of External Economic Affairs Nobuhiko Ushiba arrives in Washington, D.C., for trade talks with U.S. Special Trade Representative Robert Strauss.

Dec. 12—Robert Strauss says that proposals made by Japan's Ushiba "fell considerably short" of what is needed to correct the severe trade imbalance between Japan and the U.S.

Dec. 13—In a conference with Syrian President Hafez al-Assad in Damascus, Secretary Vance discusses Syrian opposition to the Cairo peace talks between Israel and Egypt.

Dec. 15—At a White House news conference, President Jimmy Carter says that the Palestine Liberation Organization's (PLO) negative stand on Middle East peace talks and its hostility to Israel's existence have eliminated it from "serious consideration" for an active role in Middle East negotiations.

Japanese and U.S. negotiators end 4 days of conferences; they disagree about how to correct the severe trade imbalance in Japan's favor between Japan and the U.S.

Dec. 17—Indonesia and Guinea agree to the new human rights clause in the U.S. Food for Peace Program.

Dec. 22—The State Department announces that the U.S. is willing to sell 12 F-5 fighter airplanes to the Sudan.

Dec. 26—In Washington, D.C., President Carter says that the U.S. will assist in working with Israel and Egypt to further peace efforts in the Middle East.

Dec. 28—President Carter begins an 18,500-mile 9-day trip to Poland, Iran, India, Saudi Arabia, France and Belgium.

Dec. 29—President Carter arrives in Warsaw. His speech to a welcoming group of Communist officials is garbled in the translation by a U.S. interpreter.

Dec. 30—In Warsaw, President Carter holds the first news conference ever held by a U.S. President in East Europe.

Rosalynn Carter, the President's wife, and Zbigniew Brzezinski, the President's national security adviser, meet with Stefan Cardinal Wyszynski, the primate of Poland's Roman Catholic Church.

Dec. 31—President Carter leaves Warsaw and flies to Tehran, Iran, where he meets with Iran's Shah Mohammed Riza Pahlavi and Jordanian King Hussein.

### Labor and Industry

Dec. 5—130,000 members of the United Mine Workers strike against the Bituminous Coal Operators Association; another 30,000 miners are expected to strike tomorrow.

Dec. 8—The American Federation of Labor and the Congress of Industrial Organization (AFL-CIO) opens its 12th biennial convention in Los Angeles.

Dec. 12—83-year old George Meany is reelected as president of the AFL-CIO.

Dec. 23—Following the example of Wheeling-Pittsburgh Steel Corporation and the Bethlehem Steel Corporation, the United States Steel Corporation, the nation's largest steel producer, raises prices on most products by 5.5 percent.

### Legislation

Dec. 7—By a 344 to 0 vote in the House, a bill passed by the Senate last week is sent to the White House; the bill

eases the law passed last year requiring U.S. medical schools to accept a set quota of American medical students studying abroad as third-year transfer students; medical schools are no longer required to accept third-year transfer students.

After a 5-month impasse, the House votes 181 to 167 and the Senate approves by voice vote an appropriation of \$60.1 billion for the Departments of Labor and Health, Education and Welfare, including a compromise rider liberalizing the use of Medicaid funds for abortion.

Dec. 15—The House votes 346 to 2 and the Senate approves by voice vote legislation to amend the Clean Water Act of 1972; the measure authorizes an expenditure of \$28.7 billion to clean up the nation's water supply.

Voting 189 to 163 in the House and 56 to 21 in the Senate, Congress approves tax increases for the Social Security system; the measure will increase Social Security payroll taxes starting in 1979 to insure the solvency of the system. Under the new law, the taxable wage base for Social Security taxes will rise in increments from \$16,500 in 1977 to \$29,700 in 1981; the tax rate will rise from the 1977 rate of 5.85 percent to 6.65 percent in 1981 and 7.65 percent in 1990 and thereafter.

The first session of the 95th Congress adjourns.

Dec. 20—President Carter signs the Social Security financing bill increasing Social Security taxes starting in 1979 for more than 100 million people.

Dec. 28—President Jimmy Carter signs the Clean Water Act of 1977, which authorizes an additional \$28.7 billion in expenditures for controlling water pollution; it also amends the Clean Water Act of 1972 and extends the deadlines set for purifying the nation's water supplies.

### Political Scandal

Dec. 30—A spokesman for the Justice Department announces that the South Korean government will allow Tongsun Park to testify in bribery and conspiracy trials in the U.S. that are concerned with influence buying in Congress. In exchange for Park's testimony, he will be immune from prosecution.

### Politics

Dec. 28—President Carter names Texan John White as chairman of the Democratic party, replacing former Maine Governor Kenneth Curtis.

### Supreme Court

Dec. 5—In a 6-3 decision, the Supreme Court rules that an automobile driver stopped by a policeman for a minor traffic violation can be compelled to get out of his car; the ruling is designed to protect policemen.

Dec. 6—In a 9-0 ruling, the Court says that a woman cannot be deprived of accumulated seniority when she takes an uncompensated maternity leave.

Dec. 12—By a 7-2 vote, the Court rules that as long as workers were members of an age 60 retirement plan before the 1967 federal ban on mandatory retirement at age 60 went into effect employers can force workers to retire at age 60; the case involved an airline pilot.

### ZAMBIA

Dec. 6—President Kenneth D. Kaunda says Zambia will not take part in any British-American effort to establish a transition government in Rhodesia. Kaunda criticizes British Foreign Secretary David Owen's comment on the effectiveness of the November 28 Rhodesian raids in Mozambique. ■



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